ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

JUNE 30, 2018 AND 2017

(Stock Code: 4958)

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

Consolidated Financial Statements for the Three-Month Periods Ended on June 30, 2018 and 2017 and Review Report of Independent Accountants

Table of Contents

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

Cai-Shen-Bao-Zi No. 18001102 (2018)

To the Board of Directors and Shareholders of Zhen Ding Technology Holding Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries as at June 30, 2018 and 2017, and the related consolidated statements of comprehensive income of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Zhen Ding Technology Holding Limited and its subsidiaries as at June 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the six-month periods then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34,"Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Hsu, Yung-Chien Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

August 10, 2018

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2018, DECEMBER 31, 2017 AND JUNE 30, 2017
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2018 AND 2017 WERE REVIEWED, NOT AUDITED)

Expressed in Thousands of New Taiwan Dollars

	Assets	Notes	June 30, 2018 Amount	%	December 31, 2017 Amount	%	June 30, 2017 Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 24,528,207	21	$ 19,147,388	15	$ 24,436,326	25
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	7,935	-	17,549	-
1136	Current financial assets at amortized cost	6(7)	10,268,020	9	-	-	-	-
1170	Accounts receivable, net	6(3)	14,287,409	12	28,480,474	23	10,477,044	11
1180	Accounts receivable due from related parties, net	6(3)	1,711,118	2	2,138,685	2	1,871,340	2
1200	Other receivables	6(4)	688,145	1	2,786,315	2	1,110,001	1
130X	Current inventories	6(5)	10,175,365	9	11,259,382	9	7,509,819	8
1410	Prepayments	6(4)	3,801,072	3	3,088,106	3	2,428,949	3
1470	Other current assets	6(6)	313,039	-	14,459,785	12	13,881,815	14
11XX	**Total current assets**		65,772,375	57	81,368,070	66	61,732,843	64
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(9)	79,555	-	-	-	-	-
1527	Non-current held-to-maturity financial assets	6(8)	-	-	151,064	-	30,685	-
1535	Non-current financial assets at amortized cost	6(7)	153,924	-	-	-	-	-
1543	Non-current financial assets at cost	6(10)	-	-	120,992	-	121,099	-
1600	Property, plant and equipment	6(11)	40,092,124	35	36,681,453	30	33,033,063	34
1780	Intangible assets	6(12)	90,944	-	88,854	-	90,825	-
1840	Deferred tax assets		796,361	1	825,911	1	682,208	1
1990	Other non-current assets, others	6(13)	8,090,499	7	4,480,169	3	1,471,493	1
15XX	**Total non-current assets**		49,303,407	43	42,348,443	34	35,429,373	36
1XXX	**Total assets**		$ 115,075,782	100	$ 123,716,513	100	$ 97,162,216	100

(Continued on next page)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2018, DECEMBER 31, 2017 AND JUNE 30, 2017
(THE CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2018 AND 2017 WERE REVIEWED, NOT AUDITED)

Expressed in Thousands of New Taiwan Dollars

	Liabilities and Equity	Notes	June 30, 2018 Amount	%	December 31, 2017 Amount	%	June 30, 2017 Amount	%
	Current liabilities							
2100	Current borrowings	6(14)	$ 12,297,141	11	$ 15,791,085	13	$ 12,134,336	13
2170	Accounts payable		13,578,368	12	22,503,648	18	10,528,506	11
2180	Accounts payable to related parties		635,288	-	704,783	-	256,630	-
2200	Other payables	6(15)	16,106,092	14	10,331,671	8	8,429,662	9
2230	Current tax liabilities		706,495	1	1,268,536	1	253,065	-
2320	Long-term liabilities, current portion	6(16)(17)	17,661,402	15	4,457,881	4	-	-
2399	Other current liabilities, others		142,756	-	123,505	-	90,209	-
21XX	**Total current liabilities**		61,127,542	53	55,181,109	44	31,692,408	33
	Non-current liabilities							
2530	Bonds payable	6(16)	-	-	8,242,274	7	8,330,418	9
2540	Non-current portion of non-current borrowings	6(17)	-	-	4,457,881	4	9,108,486	9
2570	Deferred tax liabilities		54,431	-	423,207	-	87,527	-
2645	Guarantee deposits received		197,214	-	150,723	-	34,068	-
2670	Other non-current liabilities, others	6(31)	-	-	-	-	7,843,211	8
25XX	**Total non-current liabilities**		251,645	-	13,274,085	11	25,403,710	26
2XXX	**Total liabilities**		61,379,187	53	68,455,194	55	57,096,118	59
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(20)						
3110	Share capital - ordinary share		8,047,484	7	8,047,484	7	8,047,484	8
	Capital surplus	6(21)						
3200	Capital surplus		14,892,751	14	14,851,298	12	6,962,799	8
	Retained earnings	6(22)						
3310	Legal reserve		3,505,859	3	2,988,615	2	2,988,615	3
3320	Special Reserve		1,717,912	1	1,688,354	1	1,688,354	2
3350	Unappropriated retained earnings		16,411,715	14	18,486,196	15	13,857,067	14
	Other equity interest	6(23)						
3400	Other equity interest		(1,486,108)	(1)	(1,717,913)	(1)	(2,689,539)	(3)
31XX	**Total equity attributable to owners of parent**		43,089,613	38	44,344,034	36	30,854,780	32
36XX	**Non-controlling Interests**		10,606,982	9	10,917,285	9	9,211,318	9
3XXX	**Total equity**		53,696,595	47	55,261,319	45	40,066,098	41
	Significant contingent liabilities and unrecognized commitments							
3X2X	**Total liabilities and equity**		$ 115,075,782	100	$ 123,716,513	100	$ 97,162,216	100

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(REVIEWED, NOT AUDITED)

(Expressed in Thousands of New Taiwan Dollars except for earnings per share amounts)

	Items	Notes	Three Months Ended on June 30, 2018		Three Months Ended on June 30 2017		Six Months Ended on June 30, 2018		Six Months Ended on June 30, 2017	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue**	14	$ 20,707,576	100	$ 15,742,219	100	$ 43,424,298	100	$ 33,262,366	100
5000	**Operating costs**	6(5)	(17,091,544)	(82)	(13,680,157)	(87)	(36,335,595)	(84)	(28,654,287)	(86)
5950	**Gross profit from operations**		3,616,032	18	2,062,062	13	7,088,703	16	4,608,079	14
	Operating expenses	6(24)								
6100	Selling expenses		(359,255)	(2)	(178,563)	(1)	(601,637)	(1)	(488,600)	(1)
6200	Administrative expenses		(892,522)	(4)	(532,248)	(4)	(1,783,117)	(4)	(1,157,110)	(4)
6300	Research and development expenses		(1,203,392)	(6)	(1,157,967)	(7)	(2,265,715)	(5)	(2,074,426)	(6)
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9		6,938	-	-	-	6,938	-	-	-
6000	**Total operating expenses**		(2,448,231)	(12)	(1,868,778)	(12)	(4,643,531)	(10)	(3,720,136)	(11)
6900	**Net operating income**		1,167,801	6	193,284	1	2,445,172	6	887,943	3
	Non-operating income and expenses									
7010	Other income	6(26)	319,094	2	327,125	2	590,155	1	559,722	2
7020	Other gains and losses	6(27)	79,084	-	(20,853)	-	(445,282)	(1)	(254,244)	(1)
7050	Finance costs	6(28)	(234,528)	(1)	(182,410)	(1)	(449,929)	(1)	(357,147)	(1)
7000	**Total non-operating income and expenses**		163,650	1	123,862	1	(305,056)	(1)	(51,669)	-
7900	**Profit from continuing operations before tax**		1,331,451	7	317,146	2	2,140,116	5	836,274	3
7950	Tax expense (income)	6(29)	(326,522)	(2)	(65,321)	-	(580,644)	(1)	(199,337)	(1)
8200	**Profit for the period**		$ 1,004,929	5	$ 251,825	2	$ 1,559,472	4	$ 636,937	2

(Continued on next page)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(REVIEWED, NOT AUDITED)

(Expressed in Thousands of New Taiwan Dollars
except for earnings per share amounts)

	Item	Notes	Three Months Ended on June 30, 2018 Amount	%	Three Months Ended on June 30 2017 Amount	%	Six Months Ended on June 30, 2018 Amount	%	Six Months Ended on June 30, 2017 Amount	%
	Other comprehensive income									
	Components of 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(23)	($ 29,532)	-	$ -	-	($ 41,335)	-	$ -	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		(29,532)	-	-	-	(41,335)	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation		(608,078)	(3)	854,192	5	349,117	1	(932,538)	(3)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets		-	-	-	-	-	-	5,014	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(608,078)	(3)	854,192	5	349,117	1	(927,524)	(3)
8300	**Total other comprehensive income**		($ 637,610)	(3)	$ 854,192	5	$ 307,782	1	($ 927,524)	(3)
8500	**Total comprehensive income**		$ 367,319	2	$ 1,106,017	7	$ 1,867,254	5	($ 290,587)	(1)
	Profit (loss) attributable to:									
8610	Owners of parent		$ 749,553	4	$ 194,726	1	$ 1,127,991	3	$ 548,952	2
8620	Non-controlling interests		$ 255,376	1	$ 57,099	-	$ 431,481	1	$ 87,985	-
	Comprehensive income attributable to:									
8710	Owners of parent		$ 184,515	1	$ 923,277	6	$ 1,359,796	4	($ 452,231)	(1)
8720	Non-controlling interests		$ 182,804	1	$ 182,740	1	$ 507,458	1	$ 161,644	-
	Basic earnings per share									
9750	**Basic earnings per share**	6(30)	$ 0.93		$ 0.24		$ 1.40		$ 0.68	
	Diluted earnings per share									
9850	**Diluted earnings per share**	6(30)	$ 0.89		$ 0.24		$ 1.36		$ 0.68	

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(REVIEWED, NOT AUDITED)

Expressed in Thousands of New Taiwan Dollars

		Equity attributed to the owners of the parent										
				Retained Earnings			Other Equities					
	Notes	Share capital-ordinary share	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) from available for-sale financial assets	Total	Non-controlling interest	Total equities
2017												
Balance at January 1, 2017		$ 8,047,484	$ 11,942,690	$ 2,642,996	$ -	$ 17,285,543	($ 1,683,342)	$ -	($ 5,014)	$ 38,230,357	$ -	$ 38,230,357
Net profit of this period		-	-	-	-	548,952	-	-	-	548,952	87,985	636,937
Other comprehensive income for the period	6(23)	-	-	-	-	-	(1,006,197)	-	5,014	(1,001,183)	73,659	(927,524)
Total comprehensive income for the period		-	-	-	-	548,952	(1,006,197)	-	5,014	(452,231)	161,644	(290,587)
2016 earning appropriations and distribution:	6(22)											
Listed as regular surplus		-	-	345,619	-	(345,619)	-	-	-	-	-	-
Listed as special reserve		-	-	-	1,688,354	(1,688,354)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,770,446)	-	-	-	(1,770,446)	-	(1,770,446)
Debts redeemed		-	(7,843,211)	-	-	-	-	-	-	(7,843,211)	-	(7,843,211)
Cost of remuneration in restricted employee shares	6(19)	-	25,479	-	-	-	-	-	-	25,479	2,965	28,444
Changes in non-controlling interests	6(31)	-	2,837,841	-	-	(173,009)	-	-	-	2,664,832	9,046,709	11,711,541
Balance at June 30		$ 8,047,484	$ 6,962,799	$ 2,988,615	$ 1,688,354	$ 13,857,067	($ 2,689,539)	$ -	$ -	$ 30,854,780	$ 9,211,318	$ 40,066,098
2018												
Balance at January 1, 2018		$ 8,047,484	$ 14,851,298	$ 2,988,615	$ 1,688,354	$ 18,486,196	($ 1,717,913)	$ -	$ -	$ 44,344,034	$ 10,917,285	$ 55,261,319
Net profit of this period		-	-	-	-	1,127,991	-	-	-	1,127,991	431,481	1,559,472
Other comprehensive income for the period	6(23)	-	-	-	-	-	273,140	(41,335)	-	231,805	75,977	307,782
Total comprehensive income for the period		-	-	-	-	1,127,991	273,140	(41,335)	-	1,359,796	507,458	1,867,254
2017 earning appropriations and distribution:	6(22)											
Listed as regular surplus		-	-	517,244	-	(517,244)	-	-	-	-	-	-
Listed as special reserve		-	-	-	29,558	(29,558)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(2,655,670)	-	-	-	(2,655,670)	-	(2,655,670)
Cost of remuneration in restricted employee shares	6(19)	-	41,453	-	-	-	-	-	-	41,453	9,779	51,232
Changes in non-controlling interests - earnings distribution of subsidiaries		-	-	-	-	-	-	-	-	-	(827,540)	(827,540)
Balance at June 30		$ 8,047,484	$ 14,892,751	$ 3,505,859	$ 1,717,912	$ 16,411,715	($ 1,444,773)	($ 41,335)	$ -	$ 43,089,613	$ 10,606,982	$ 53,696,595

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUNSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(REVIEWED, NOT AUDITED)

Expressed in Thousands of New Taiwan Dollars

	Notes	Six Months Ended on June 30, 2018	Six Months Ended on June 30, 2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Profit before tax		$ 2,140,116	$ 836,274
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(24)	3,249,309	2,628,408
Amortization expense	6(24)	39,787	37,228
Impairment loss on non-financial assets	6(11)	175,489	-
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	12	(6,938)	-
Loss (gain) on disposal of property, plant and equipment	6(27)	(9,732)	17,443
Rental expenses for land use right	6(13)	30,842	14,723
Interest income	6(26)	(477,564)	(315,274)
Interest expense	6(28)	449,929	357,147
Loss (gain) on disposal of investments	6(27)	-	(9,117)
Share-based payments	6(19)	51,232	28,444
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		7,935	(17,446)
Notes receivable		(41,607)	89,855
Accounts receivable		14,382,390	6,046,103
Accounts receivable due from related parties		479,004	(329,896)
Other receivable		2,055,648	622,125
Inventories		1,148,911	(647,949)
Prepayments		(700,167)	(382,053)
Changes in operating liabilities			
Accounts payable		(9,147,738)	(4,565,210)
Accounts payable to related parties		(74,381)	(448,100)
Other payable		(463,641)	(1,612,937)
Other current liabilities		18,652	27,528
Cash inflow (outflow) generated from operations		13,307,476	2,377,296
Income taxes paid		(1,493,213)	(1,399,075)
Net cash flows from (used in) operating activities		11,814,263	978,221

(Continued on next page)

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUNSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(REVIEWED, NOT AUDITED)

Expressed in Thousands of New Taiwan Dollars

	Notes	Six Months Ended on June 30, 2018	Six Months Ended on June 30, 2017
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Proceeds from repayments of financial assets at amortized cost		$ 4,010,480	$ -
Increase in other financial assets		-	(5,652,790)
Acquisition of held-to-maturity financial assets		-	(30,639)
Proceeds from disposal of held-to-maturity financial assets		-	30,767
Proceeds from disposal of available-for-sale financial assets		-	103,842
Decrease in other financial assets		-	282,172
Acquisition of property, plant and equipment	6(32)	(6,526,505)	(4,224,144)
Proceeds from disposal of property, plant and equipment		25,014	442,231
Acquisition of land use rights		(287,525)	(46,307)
Proceeds from disposal of land use rights		5,226	-
Increase in other non-current assets		(21,687)	(10,349)
Decrease in refundable deposits		3,482	36,161
Interest received		557,020	320,332
Net cash flows from (used in) investing activities		(2,234,495)	(8,748,724)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
(Decrease) increase in short-term loans		(3,635,169)	183,930
Proceeds from long-term debt		-	991,530
Repayments of long-term debt		-	(979,590)
Increase in guarantee deposits received		51,272	24,469
Interest paid		(358,466)	(224,603)
Repayments of bonds		-	(471,901)
Change in non-controlling interests	6(31)	-	11,711,541
Change in non-controlling interests - earnings distribution of subsidiaries		(827,540)	-
Net cash flows from (used in) financing activities		(4,769,903)	11,235,376
Effect of exchange rate changes on cash and cash equivalents		570,954	(446,110)
Net increase in cash and cash equivalents		5,380,819	3,018,763
Cash and cash equivalents at beginning of period		19,147,388	21,417,563
Cash and cash equivalents at end of period		$ 24,528,207	$ 24,436,326

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017
(REVIEWED, NOT AUDITED)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Zhen Ding Technology Holding Limited (the "Company") was incorporated as a company limited by shares under the provision of Cayman Companies Law in June 2006. The Company was renamed Zhen Ding Technology Holding Limited based on a resolution of the meeting of the Board of Directors in May 2012. The Company registered the changes in July of the same year. The address of the company's registered address is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company and its subsidiaries (collectively referred herein as the "Group") are dedicated in the manufacturing, processing and sales of various types of printed circuit board ("PCB"). On December 26, 2011, the Company's shares were listed on the Taiwan Stock Exchange.

2. THE AUTHORISATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance by the Board of Directors on August 10, 2018.

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"), International Accounting Standards, IFRIC interpretations, and SIC interpretations as endorsed by the Financial Supervisory Commission ("FSC")

IFRSs endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations, and Amendments	Effective Date of Publication by IASB
Amendment to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'	January 1, 2018
Amendment to IFRS 4, 'Application of IFRS 4 "Financial Instruments" under IFRS 4 "Insurance Contracts"'	January 1, 2018
IFRS 9, 'Financial Instruments'	January 1, 2018
IFRS 15, 'Revenue from Contracts with Customers'	January 1, 2018
Amendment to IFRS 15, 'Clarifications to IFRS 15 "Revenue from Contracts with Customers"'	January 1, 2018
Amendment to IAS 7, 'Disclosure Initiative'	January 1, 2017
Amendment to IAS 12, 'Recognition of Deferred Tax Assets for Unrealized Losses'	January 1, 2017

New Standards, Interpretations, and Amendments	Effective Date of Publication by IASB
Amendment to IAS 40, 'Transfers of Investment property'	January 1, 2018
IFRIC 22, 'Foreign Currency Transactions and Advance Consideration'	January 1, 2018
Annual Improvements to IFRSs 2014-2016 Cycle - IFRS 1 'First-time Adoption of International Financial Reporting Standards'	January 1, 2018
Annual Improvements to IFRSs 2014-2016 Cycle - IFRS 12 'Disclosure of Interests in Other Entities'	January 1, 2017
Annual Improvements to IFRSs 2014-2016 Cycle - IAS 28 'Investments in Associates and Joint Ventures'	January 1, 2018

Based on the Group's assessment, the major impacts of the above standards and interpretations to the Group's financial condition and financial performance are as follows:

IFRS 9, 'Financial Instruments'

A. Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

B. The impairment losses of debt instruments are assessed using an expected credit loss approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses or lifetime expected credit losses (interest revenue should be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument has objective evidence of impairment. Interest revenue after the impairment should be calculated on the carrying amount, net of credit allowance. The loss allowance should be measured at an amount equal to the lifetime expected credit losses for accounts receivables that do not contain a significant financing component.

C. The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as of January 1, 2018, please refer to Note 12(4).

(2) Effects 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 2019 are as follows:

New Standards, Interpretations and Amendments	Effective Date of Publication by IASB
Amendment to IFRS 9, 'Prepayment Features with Negative Compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendment to IAS 19, 'Amendment, Reduction or Settlement of Plans'	January 1, 2019
Amendment to IAS 28, 'Long-term interests in affiliates 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 items, the Groups believe the adoption of the above standards and interpretations will not have significant impacts on the Group's financial condition and financial performance. The related impact will be disclosed when the Company completes the evaluation.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize 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.

In the first quarter of 2018, the Group reported to the Board of Directors that IFRS 16 has had no material impact on the Group.

The Group expects to recognize the lease contract of lessees in line with IFRS 16. As the Group intends not to restate the financial statements of the prior period (referred to herein as the "modified retrospective approach"), relevant impacts will be adjusted on January 1, 2019.

(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 of Publication by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined by IASB
IFRS 17, 'Insurance Contracts'	January 1, 2021

The Groups believe the adoption of the above standards and interpretations will not have significant impacts on the Group's financial condition and financial performance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IAS 34 "Interim Financial Reporting" endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
   (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (b) Financial assets at fair value through other comprehensive income
   (c) Defined benefit liabilities recognized 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 (IFRS), 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.

C. In adopting IFRS 9 for the first time on January 1, 2018, the Group has elected to apply a modified retrospective approach whereby the cumulative impact of the adoption was recognized as retained earnings or other equity as of January 1, 2018; and the financial statements for the year ended December 31, 2017, and the three-month period ended June

30, 2017 were not restated. The financial statements for the year ended December 31, 2017 and the three-month period ended June 30, 2017 were prepared in compliance with IAS 39 and the related IFRIC and SIC interpretations. Please refer to Notes 12(4) for details regarding significant accounting policies.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Investor	Subsidiary	Main Business Activities	June 30, 2018	December 31, 2017	June 30, 2017	Note
The Company	Zhen Ding Technology Co., Ltd.	Trading company	100	100	100	
The Company	Speedtech Holdings Limited (B.V.I.)	Holding company	-	-	100	(1)
The Company	Monterey Park Finance Limited (B.V.I.)	Holding company	100	100	100	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	100	
Speedtech Holdings Limited (B.V.I.)	IRIS World Enterprises Limited (B.V.I.)	Trading company	-	-	100	(1)

Investor	Subsidiary	Main Business Activities	Ownership (%) June 30, 2018	Ownership (%) December 31, 2017	Ownership (%) June 30, 2017	Note
Monterey Park Finance Limited (B.V.I.)	Pacific Stand Enterprises Limited (Hong Kong)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hong Kong)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Forever Growth Investments Limited (Bahamas)	Holding company	-	-	100	(1)
Monterey Park Finance Limited (B.V.I.)	Light Flash International Limited (B.V.I.)	Holding company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Henley International Limited (Hong Kong)	Trading company	100	100	100	
Monterey Park Finance Limited (B.V.I.)	Qiding Technology Qinhuangdao Co., Ltd.	Manufacturer	100	100	100	
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hong Kong)	Holding company	100	100	100	
Mayco Industrial Limited (Hongkong)	Avary Holding (Shenzhen) Co., Ltd.	Manufacturer	74	74	74	
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Ltd.	Manufacturer	7	7	7	
Avary Holding (Shenzhen) Co., Ltd.	Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Manufacturer	100	100	100	
Avary Holding (Shenzhen) Co., Ltd.	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturer	100	100	100	
Avary Holding (Shenzhen) Co., Ltd.	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Manufacturer	100	100	100	
Avary Holding (Shenzhen) Co., Ltd.	Yuding Precision Electronics (Huai'an) Co., Ltd.	Manufacturer	100	100	100	

Investor	Subsidiary	Main Business Activities	Ownership (%) June 30, 2018	Ownership (%) December 31, 2017	Ownership (%) June 30, 2017	Note
Avary Holding (Shenzhen) Co., Ltd.	Qingding Precision Electronics (Huai'an) Co., Ltd.	Manufacturer	100	100	100	
Avary Holding (Shenzhen) Co., Ltd.	Fubo Industry (Shenzhen) Co., Ltd.	Manufacturer	100	100	100	
Avary Holding (Shenzhen) Co., Ltd.	Garuda International Limited (Hong Kong)	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Ltd.	Yunding Technology (Shenzhen) Co., Ltd.	Trading company	100	100	100	
Avary Holding (Shenzhen) Co., Ltd.	Kuisheng Technology (Shenzhen) Co., Ltd.	Trading company	100	100	100	
Garuda International Limited (Hong Kong)	Garuda Technology Co., Ltd.	Trading company	100	100	100	
Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Chuangxinli Electronics (Huai'an) Co., Ltd.	Manufacturer	-	100	100	(2)

(a) The Group adjusted its investment structure in 2017 and completed liquidation procedures for Speedtech Holdings Limited (B.V.I.), IRIS World Enterprises Limited (B.V.I.) and Forever Growth Investments Limited (Bahamas) in the fourth quarter due to reorganization.

(b) The Group adjusted its investment structure in 2018 and completed liquidation procedures for Chuangxinli Electronics (Huai'an) Co., Ltd. in the second quarter due to reorganization.

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 interest that are material to the Group:

As of June 30, 2018, December 31, 2017, and June 30, 2017, the non-controlling interest amounted to NT$10,606,982, NT$10,917,285 and NT$9,211,318, respectively. The information on non-controlling interest and the respective subsidiaries are as follows:

Subsidiary	Principal place of business	Non-controlling Interests June 30, 2018 Amount	Ownership (%)	Note
Avary Holding (Shenzhen) Co., Ltd.	China	$ 10,606,982	19%	

Subsidiary	Principal place of business	Non-controlling Interests December 31, 2017 Amount	Ownership (%)	Note
Avary Holding (Shenzhen) Co., Ltd.	China	$ 10,917,285	19%	

Subsidiary	Principal place of business	Non-controlling Interests June 30, 2017 Amount	Ownership (%)	Note
Avary Holding (Shenzhen) Co., Ltd.	China	$ 9,211,318	19%	

Summarized financial information of the subsidiary:

Avary Holding (Shenzhen) Co., Ltd. Balance Sheet

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	$ 49,252,802	$ 67,877,432	$ 44,122,037
Non-current assets	46,695,585	39,702,893	22,579,639
Current liabilities	(40,131,804)	(50,170,152)	(17,527,805)
Non-current liabilities	(248,604)	(216,573)	(917,516)
Total assets, net	$ 55,567,979	$ 57,193,600	$ 48,256,355

Avary Holding (Shenzhen) Co., Ltd. Statements of Comprehensive Income

	For the six-month period that ended on June 30, 2018	For the six-month period that ended on June 30, 2017
Revenue	$ 42,770,623	$ 22,396,406
Profit before tax	2,742,950	1,018,928
Income tax expense	(482,503)	(247,732)
Net income	2,260,447	771,196
Other comprehensive income(loss) (after tax)	34,562	(11,814)
Total comprehensive income(loss)	$ 2,295,009	$ 759,382
Comprehensive income(loss) attributable to non-controlling interests	$ 507,458	$ 161,644

Avary Holding (Shenzhen) Co., Ltd. Cash Flow Statement

	For the six-month period that ended on June 30, 2018	For the six-month period that ended on June 30, 2017
Net cash provided by (used in) operating activities	$ 13,598,229	($ 4,765,663)
Net cash provided by (used in) investing activities	(4,868,965)	(1,674,446)
Net cash provided by (used in) financing activities	(8,210,735)	5,408,514
Effect of exchange rate changes on cash and cash equivalents	112,760	(221,885)
Increase in cash and cash equivalents	631,289	(1,253,480)
Cash and cash equivalents, beginning of period	9,016,038	7,429,709
Cash and cash equivalents, end of period	$ 9,647,327	$ 6,176,229

(4) Foreign currency translation

All items on the financial statements of each entity of the Group are measured at the currency of the principal economic environment in which the entity operates (i.e. functional currency). The Company's functional currency is "USD". However, the Consolidated Financial Report is presented in "NTD" due to regulatory requirements.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
(c) All resulting exchange differences are recognized in other comprehensive income.

When the functional currency in the financial statements for the six-month periods that ended June 30, 2018 and 2017 were converted to NTD, the average exchange rates were US$1=NT$29.54 and US$1=NT$30.58, respectively. The closing exchange rate as of the balance sheet date on June 30, 2018, December 31, 2017 and June 30, 2017 were US$1=NT$30.46, US$1=UT$29.76 and US$1=NT$30.42, respectively.

(5) Classification of current and non-current assets and liabilities

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
   (a) Liabilities that are expected to be settled within the normal operating cycle;
   (b) Liabilities arising mainly from trading activities;
   (c) Liabilities that are to be settled within twelve months from the balance sheet date;
   (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

(7) Financial assets/liabilities at fair value through profit or loss

A. Financial assets and financial liabilities at fair value through profit or loss are financial assets that are not measured at amortized cost or measured at fair value through other comprehensive income. Financial assets at amortized cost or fair value through other comprehensive income are designated as at fair value through profit or loss on initial recognition when doing so can eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and gains or losses are recognized in profit or loss.

D. When the right to receive dividends is established, the future economic benefits related to dividends will flow to the Group, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities not held for trading and for which the Group made an irrevocable election at initial recognition to recognize their changes in fair value in other comprehensive income and debt instruments which meet the following criteria:

(a) The financial assets are held in a business model for the purpose of collecting contractual cash flows and selling financial assets.
(b) The assets' contractual cash flows represent solely for the payment of principal and interest on the outstanding principal balance.

B. Through a regular purchase or sale basis, financial assets at fair value through other comprehensive income are accounted for using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs and subsequently at fair value.

(a) Changes in the fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, cumulative gains or losses recognized previously under other comprehensive income cannot be reclassified to profit or loss subsequently. They are reclassified to retained earnings. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow to the Group, and the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.
(b) Changes in the fair value of debt instruments are recognized in other comprehensive income. Impairment loss, interest income and foreign exchange gains or loss are recognized in profit or loss before derecognition. Upon derecognition, cumulative gains or losses recognized previously under other comprehensive income are reclassified to profit or loss.

(9) Financial assets at amortized cost

A. Assets that meet one of the following criteria are classified as financial assets at amortized cost:

(a) Assets held in a business model for the purpose of collecting contractual cash flows.
(b) The contractual terms of the financial assets generate cash flows on specific dates, which are solely for the payment of principal and interest on the outstanding principal balance.

B. Through a regular way purchase or sale basis, financial assets at amortized cost are accounted for using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. In subsequent periods, interest income is recognized using the effective interest method and impairment loss is accounted for. Upon derecognition, the gain or loss is recognized in profit or loss.

D. The Group holds time deposits that do not meet the definition of cash equivalents. Due to their short maturity periods, the impact of discounting is not significant. Thus, they are measured by the investment amount.

(10) Notes and accounts receivable

A. These are accounts and notes receivable that give the Group an unconditional right to receive consideration in exchange for transferred goods or rendered services.

B. Short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For debt instruments at fair value through other comprehensive income, financial assets at amortized cost, accounts receivable, and contract assets with significant financing components, lease receivables, loan commitments and financial guarantee contracts, the Group takes into account all reasonable and verifiable information (including forecasts) at each balance sheet date and recognizes the impairment provision as 12 months expected credit losses (ECLs) if the credit risk has not increased significantly since initial recognition or as lifetime ECLs if such credit risk has increased significantly since initial recognition. For accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision as lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Leasing (as lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overhead (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is employed when evaluating the lower of costs and net realizable value. Net realizable value is the balance of estimated selling price in the normal operating course less the estimated cost of completion and applicable variable selling expenses.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they incurred.

C. Land is not depreciated. The cost model is applied to other property, plant and equipment and these are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If the property, plant, and equipment comprise any significant components, they are depreciated individually.

D. The Group reviews each assets' residual values, useful lives and depreciation methods at the end of each financial year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	5~53 years
Equipment	2~10 years
Leased assets	20 years
Leasehold improvements	5 years
Other equipment	2~15 years

(16) Leasing (as lessee)

Lease payments from an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(17) Goodwill

Goodwill arises on an acquisition of a business.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior periods no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amount of goodwill shall be evaluated periodically. An impairment is recognized when recoverable amount is lower than carrying amount. Impairment loss should not be reversed in the future.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

A. Borrowings comprise long-term and short-term bank loans. Borrowings are recognized initially at fair value, net of transaction costs incurred. In subsequent periods, the difference between the proceeds (net of transaction costs) and the redemption value is amortized and recognized as interest expense in profit or loss over the loan period using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan when it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs and recognized as an adjustment on the effective interest rates. When there is no evidence of the possibility that some or all the facility will be drawn down, the fee is recognized as a prepayment and amortized over the period of the facility.

C. The extension option is not closely related to the main debt instrument unless the interest rate is modified to be very close to the current market interest rate.

(20) Accounts payable

A. These are liabilities incurred as a result of purchasing raw materials, goods or services.

B. Short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

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

(22) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ("Capital surplus - options") in accordance with the conditions of issuance price for initial issuance. Convertible corporate bonds are accounted for as follows:

A. The valuation of the call options and put options embedded in convertible corporate bonds issued by the Group is highly connective to the main debt instrument contract attached, as the execution price of options is almost the same as the book value of amortized cost of the main debt instrument on each execution date.

B. Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable liabilities and presented as an addition to or deduction from bonds payable liabilities, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C. Conversion options embedded in convertible corporate bonds issued by the Group, which meet the definition of an equity instrument, are initially recognized in 'capital surplus—share options' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable/ preference share liabilities' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus- share options.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is the interest rates of government bonds (at the balance sheet date).

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. 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. Also, the related information is disclosed accordingly.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted employee shares:

(a) Equity products measured at fair value granted on the grant date are recognized as cost of employee services received.

(b) The Company does not impose restrictions on employees' right to participate in the dividend distribution and employees that depart within the vesting period do not have to repay dividends they have received. The dividends that are expected to be distributed to departing employees within the vesting period on the dividend announcement date shall be recognized as remuneration cost through fair value of the dividends.

(c) Employees are required to pay for the restricted employee shares. If the employee quit or are dismissed during the vesting period, the employee shall be required to return the stocks and the Group shall also be required to refund the payment. The payment expected to be paid to departing employees within the vesting period on the granting date shall be recognized as debt and parts attributable to the final payment to vested employees shall be recognized as "capital surplus – other".

(25) Income tax

A. Income tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. The companies of the Group are applicable to different income tax varied with the countries registered.

(a) Companies registered in the Cayman Islands, British Virgin Islands, and Bahamas are exempted from income taxes in accordance with local laws and regulations.

(b) Companies registered in the Republic of China, unless otherwise specified in the Income Tax Act, shall recognize the business income tax of the current year. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings. When calculating the income tax, in addition to the general income tax amount calculated in accordance with the Income Tax Act, the basic income tax shall be calculated in accordance with the "Income Basic Tax Act". If the general income tax is lower than the basic income tax, the difference between the basic income tax and general income tax shall be added to the payable income tax. The aforementioned difference may not be offset with other investment tax credit specified in other laws.

(c) The income taxes of companies registered in the People's Republic of China shall be calculated in accordance with the "Law of the People's Republic of China on Enterprise Income Tax", its Implementation Regulations, and related notifications and letters.

(d) The income taxes of companies registered in Hong Kong Special Administrative Region of the People's Republic of China shall be restricted to income that originate from Hong Kong in accordance with the "Inland Revenue Ordinance" of Hong Kong.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. The income tax expense of an interim period is recognized based on the estimated average annual effective tax rate expected for the full financial year applied to the profit before income tax of the interim period, and the related information is disclosed accordingly.

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

(26) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells PCB and related products. Sales are recognized when control of the products has transferred to the customers, i.e. when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Sales revenue of PCB products is recognized based on the contractual price minus the estimated volume discount, sales discount(s), and allowances.

(b) Receivables are recognized when the goods are delivered as the Group now has unconditional rights to the consideration and only the passage of time is required before the payment is due.

B. Financial components

For the Group's contracts with customers, as the time between delivery of committed goods or services to customers and payments from customers is less than one year, the Group does not adjust the transaction prices to reflect the time value of money.

(28) Business combinations

A. The Group uses the acquisition method to account for business combinations, except for jointly-controlled entities, merged business operations, or subsidiaries of an investor entity (invested subsidiaries should be measured by investor entity at fair value through profit or loss) as defined by IFRS 10, 'Consolidated financial statements.' The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS ON UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the actual results. The estimates and assumptions that may significantly adjust the carrying amounts of assets and liabilities within the next financial year are addressed below:

(1) Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date based on judgments and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventories consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Since the inventories evaluation is based on demands for products within a specific future period, it may cause significant changes to inventories evaluation.

As of June 30, 2018, the carrying amount of the Group’s inventories was NT$10,175,365.

(2) Assessment of tangible asset impairments

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes in economic circumstances or in the estimates due to the Group's strategy might cause material impairment of assets in the future.

As of June 30, 2018, the carrying amount of property, plant and equipment after the Group’s recognition of the impairment loss was NT$40,092,124.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2018	December 31, 2017	June 30, 2017
Cash on hand and petty cash	$ 705,833	$ 3,334	$ 2,117
Checking deposits and demand deposit	16,513,536	10,532,034	18,702,603
Cash equivalents			
Time deposits	7,308,838	8,612,020	5,731,606
	$ 24,528,207	$ 19,147,388	$ 24,436,326

A. The Group's time deposits due for more than three months had been transferred to financial assets at amortized costs as of June 30, 2018. Please refer to Note 6(7) for details.

B. The Group's cash and cash equivalents had not been provided for pledge.

(2) Financial assets and liabilities at fair value through profit or loss

Item	June 30, 2018	December 31, 2017	June 30, 2017
Current items - assets			
Forward foreign exchange contracts	$ -	$ 7,935	$ 17,549

A. For the three-month and six-month periods that ended on June 30, 2018 and 2017, the net profit of financial assets and liabilities at fair value through profit or loss was NT$0, NT$18,855, NT$11,702 and NT$20,317, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2017		
Derivatives	Contract Amount (Nominal Principal in NT$1,000)		Term of Contract
Current items:			
Forward foreign exchange contract	RMB(BUY)	80,034	2017/9~2018/2
	USD(SELL)	(12,000)	

	June 30, 2017		
Derivatives	Contract Amount (Nominal Principal in NT$1,000)		Term of Contract
Current items:			
Forward foreign exchange contract	RMB(BUY)	364,432	2017/5~2017/9
	USD(SELL)	53,000	

The Group entered into foreign exchange forward transactions to hedge the exchange rate risk of import and export sales, but no hedge accounting was applied.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Notes and accounts receivable

	June 30, 2018	December 31, 2017	June 30, 2017
Notes receivable	$ 151,728	$ 109,810	$ 6,959
Accounts receivable	14,172,297	28,406,499	10,487,967
	14,324,025	28,516,309	10,494,926
Less: allowance for sales returns	-	(1,779)	(1,780)
Allowance for doubtful accounts	(36,616)	(34,056)	(16,102)
	$ 14,287,409	$ 28,480,474	$ 10,477,044
Accounts receivable due from related parties	$ 1,719,536	$ 2,153,811	$ 1,871,340
Less: allowance for doubtful accounts	(8,418)	(15,126)	-
	$ 1,711,118	$ 2,138,685	$ 1,871,340

A. The aging analysis of the Group's accounts receivable is as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
Not overdue	$ 15,739,564	$ 30,316,105	$ 12,251,383
1-90 days	272,072	353,179	106,670
91-180 days	31,064	626	8,213
Over 181 days	861	210	-
	$ 16,043,561	$ 30,670,120	$ 12,366,266

The ageing analysis above is done based on the number of overdue days. Please refer to Note 12(4) for aging analysis as of December 31, 2017 and June 30, 2017.

B. The Group did not hold collateral for any accounts receivable.

C. Please refer to Notes 12(2) and (4) for the relevant credit risk information.

(4) Other receivables and prepayments

	June 30, 2018	December 31, 2017	June 30, 2017
Other receivables			
Export drawback receivable	$ 380,978	$ 2,356,900	$ 801,552
Others	307,167	429,415	308,449
	$ 688,145	$ 2,786,315	$ 1,110,001

	June 30, 2018	December 31, 2017	June 30, 2017
Prepayments			
Tax overpaid retained	$ 2,983,240	$ 2,227,880	$ 1,828,157
Prepaid expenses	805,283	835,444	594,267
Others	12,549	24,782	6,525
	$ 3,801,072	$ 3,088,106	$ 2,428,949

The Group's subsidiaries in China mainly manufacture products for export and are entitled to tax exemption, deduction and refund according to local laws and regulations. Tax refunds and tax credit are calculated on a monthly basis according to the type of goods sold. As the Group's other receivables are due from government agencies, there have been no significant concerns for default.

(5) Inventories

	June 30, 2018		
	Cost	Allowance for Valuation Loss	Carrying Amount
Raw materials	$ 2,765,384	($ 272,025)	$ 2,493,359
Work in process	2,234,608	(62,570)	2,172,038
Finished goods	5,789,927	(279,959)	5,509,968
	$ 10,789,919	($ 614,554)	$ 10,175,365

	December 31, 2017		
	Cost	Allowance for Valuation Loss	Carrying Amount
Raw materials	$ 2,888,155	($ 226,603)	$ 2,661,552
Work in process	2,339,181	(76,873)	2,262,308
Finished goods	6,526,282	(190,760)	6,335,522
	$ 11,753,618	($ 494,236)	$ 11,259,382

	June 30, 2017		
	Cost	Allowance for Valuation Loss	Carrying Amount
Raw materials	$ 2,040,762	($ 277,629)	$ 1,763,133
Work in process	1,703,269	(84,677)	1,618,592
Finished goods	4,354,896	(226,802)	4,128,094
	$ 8,098,927	($ 589,108)	$ 7,509,819

Expenses and losses incurred on inventories for the period:

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Cost of goods sold	$ 16,932,760	$ 13,728,217	$ 36,233,416	$ 28,826,649
Impairment loss	175,489	-	175,489	-
Loss on inventory valuation (gain from price recovery)	89,531	(47,159)	116,444	(158,114)
Revenue from sale of scraps	(106,236)	(901)	(189,754)	(14,248)
	$ 17,091,544	$ 13,680,157	$ 36,335,595	$ 28,654,287

The Group sold the inventories of which the allowance for valuation loss have been provided for the three-month and six-month periods that ended on June 30, 2017, which resulted in a decrease in the allowance for valuation loss and the gain from price recovery of inventories.

(6) Other current assets

	June 30, 2018	December 31, 2017	June 30, 2017
Time deposits due for more than three months	$ -	$ 14,148,555	$ 11,368,455
Guaranteed wealth management products	-	-	2,510,925
Others	313,039	311,230	2,435
	$ 313,039	$ 14,459,785	$ 13,881,815

A. The Group selected to classify time deposits due for more than three months that generated steady interest income and guaranteed wealth management products as financial assets at amortized cost as of June 30, 2018. Please refer to Note 6(7) for details.

B. Information relating to the above other financial assets pledged as collateral is provided in Note 8.

(7) Financial assets measured at amortized cost

	June 30, 2018
Current items:	
Time deposits due for more than three months	$ 7,858,188
Guaranteed wealth management products	2,287,748
Bonds	
GZINFU	122,084
	$ 10,268,020
Non-current items:	
Bonds	
BOND OF BABA	$ 30,615
HUAHK	92,383
HACOMM	30,926
	$ 153,924

A. Interest revenue of financial assets at amortized cost recognized in profit or loss for the three-month and six-month periods ended on June 30, 2018 were NT$198,602 and NT$311,240, respectively.

B. The Group has no financial assets at amortized cost pledged to others.

C. Please refer to Notes 6(6) and 6(8) for details as of December 31, 2017 and June 30, 2017.

(8) Held-to-maturity financial assets - non-current

	December 31, 2017	June 30, 2017
Bonds		
BOND OF BABA	$ 29,965	$ 30,685
HUAHK	90,713	-
HACOMM	30,386	-
	$ 151,064	$ 30,685

A. Interest revenue of held-to-maturity financial assets recognized in profit or loss for the three-month and six-month periods ended on June 30, 2017 were NT$99 and NT$253, respectively.

B. The Group has no held-to-maturity financial assets pledged to others as of December 31 and June 30, 2017.

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

	June 30, 2018
Emerging company stocks	
SynPower Co., Ltd.	$ 120,992
Valuation adjustment	(41,335)
Net exchange differences	(102)
	$ 79,555

A. The Group selected to classify its strategic investment in shares of SynPower Co., Ltd. as financial assets at fair value through other comprehensive income.

B. Details of financial assets at fair value through other comprehensive income recognized in the comprehensive income are as follows:

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017
Equity instruments measured at fair value through other comprehensive gains and losses		
Changes in fair value recognized in other comprehensive income	($ 29,532)	($ 41,335)

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

D. Please refer to Note 6(10) for details as of December 31, 2017 and June 30, 2017.

(10) Financial assets carried at cost

	December 31, 2017	June 30, 2017
Shares of non-publicly listed companies		
SynPower Co., Ltd.	$ 121,000	$ 121,000
Net exchange differences	(8)	99
	$ 120,992	$ 121,099

A. The equity of SynPower Co., Ltd. held by the Group should have been classified as available-for-sale financial assets according to the Group's investing purposes. However, such equity investment is classified as "financial assets carried at cost" since their fair value cannot be reliably measured due to the fact that they are not traded in an active market, and that neither industrial information on similar companies nor financial information on the invested company was sufficiently available.

B. The Group has no financial assets carried at cost pledged to others as of December 31 and June 30, 2017.

(11) Property, plant and equipment

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and To-be-inspected Equipment	Total
January 1, 2018						
Cost	$ 50,997	$ 17,000,094	$ 35,240,022	$ 9,798,157	$ 3,124,222	$ 65,213,492
Accumulated depreciation and impairment	-	(6,548,725)	(16,797,220)	(5,186,094)	-	(28,532,039)
	$ 50,997	$ 10,451,369	$ 18,442,802	$ 4,612,063	$ 3,124,222	$ 36,681,453
2018						
January 1	$ 50,997	$ 10,451,369	$ 18,442,802	$ 4,612,063	$ 3,124,222	$ 36,681,453
Additions (transfer)	-	935,739	3,001,509	602,713	2,107,008	6,646,969
Disposals	-	-	(7,379)	(7,903)	-	(15,282)
Depreciation charge	-	(546,294)	(2,015,845)	(687,170)	-	(3,249,309)
Impairment loss	-	-	(175,489)	-	-	(175,489)
Net exchange differences	(44)	85,018	86,859	35,643	(3,694)	203,782
June 30	$ 50,953	$ 10,925,832	$ 19,332,457	$ 4,555,346	$ 5,227,536	$ 40,092,124
June 30, 2018						
Cost	$ 50,953	$ 18,019,656	$ 38,275,375	$ 10,424,738	$ 5,227,536	$ 71,998,258
Accumulated depreciation and impairment	-	(7,093,824)	(18,942,918)	(5,869,392)	-	(31,906,134)
	$ 50,953	$ 10,925,832	$ 19,332,457	$ 4,555,346	$ 5,227,536	$ 40,092,124

	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and To-be-inspected Equipment	Total
January 1, 2017						
Cost	$ 50,987	$ 16,994,481	$ 31,461,747	$ 7,265,470	$ 3,012,295	$ 58,784,980
Accumulated depreciation and impairment	-	(6,542,005)	(15,620,131)	(4,360,927)	-	(26,523,063)
	$ 50,987	$ 10,452,476	$ 15,841,616	$ 2,904,543	$ 3,012,295	$ 32,261,917
2017						
January 1	$ 50,987	$ 10,452,476	$ 15,841,616	$ 2,904,543	$ 3,012,295	$ 32,261,917
Additions (transfer)	-	502,630	1,710,562	356,906	2,278,315	4,848,413
Disposals	-	-	(427,821)	(31,668)	(185)	(459,674)
Depreciation charge	-	(500,866)	(1,728,365)	(399,177)	-	(2,628,408)
Net exchange differences	55	(27,026)	(686,836)	(207,294)	(68,084)	(989,185)
June 30	$ 51,042	$ 10,427,214	$ 14,709,156	$ 2,623,310	$ 5,222,341	$ 33,033,063
June 30, 2017						
Cost	$ 51,042	$ 16,340,341	$ 30,913,159	$ 7,265,095	$ 5,222,341	$ 59,791,978
Accumulated depreciation and impairment	-	(5,913,127)	(16,204,003)	(4,641,785)	-	(26,758,915)
	$ 51,042	$ 10,427,214	$ 14,709,156	$ 2,623,310	$ 5,222,341	$ 33,033,063

A. The major components of the Group's property, plant and equipment include buildings and improvement works for buildings, which are depreciated based on a period of 20~53 years and 5~10 years, respectively.

B. The Group assesses the recoverable amount of assets based on the value in use and the fair value less costs to sell at the end of the reporting period. The discount rate used to estimate the value in use is 7.17%. Based on the results of the aforesaid assessment, the Group’s impairment loss on property, plant and equipment for both the three-month and six-month periods that ended on June 30, 2018 was NT$175,489. For the three-month and three-month periods that ended on June 30, 2018, the amount recognized was listed as cost of sales. The aforesaid impairment loss was attributed to the Printed Circuit Board Division.

(12) Intangible assets

	June 30, 2018	December 31, 2017	June 30, 2017
Goodwill	$ 90,944	$ 88,854	$ 90,825

	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Beginning balance	$ 88,854	$ 96,289
Net exchange differences	2,090	(5,464)
Ending balance	$ 90,944	$ 90,825

The above goodwill arose from the Group's acquisition of 100% equity of Honghengsheng Electronical Technology (Huai'an) Co., Ltd. in 2008.

(13) Other non-current assets – other

	June 30, 2018	December 31, 2017	June 30, 2017
Long-term prepaid rent (land use rights)	$ 7,776,870	$ 4,155,550	$ 1,299,015
Refundable deposits	48,124	51,277	-
Others	265,505	273,342	172,478
	$ 8,090,499	$ 4,480,169	$ 1,471,493

The Group's subsidiaries have entered into land use rights contracts with local governments, and the land will be returned to local governments upon expiration of the leases. The Group recognized the rental expense of NT$24,801, NT$6,316, NT$30,842 and NT$14,723 for the three-month and six-month periods that ended on June 30, 2018 and 2017, respectively.

(14) Short-term loans

	June 30, 2018	December 31, 2017	June 30, 2017
Credit loans	$ 12,297,141	$ 15,791,085	$ 9,856,799
Secured loans	-	-	2,277,537
Total	$ 12,297,141	$ 15,791,085	$ 12,134,336
Interest rates	2.34%~4.80%	1.80%~4.70%	1.43%~4.79%

Details of short-term loans pledged as collateral are provided in Note 8.

(15) Other payables

	June 30, 2018	December 31, 2017	June 30, 2017
Land use rights payable	$ 3,346,981	$ -	$ -
Equipment payable	3,205,058	3,066,678	2,227,470
Dividends payable	2,655,670	-	1,770,446
Salary and bonus payable	2,653,920	3,060,896	2,022,951
Modular fixture payable	1,103,618	1,267,275	629,130
Consumable payable	772,383	531,162	613,678
Others	2,368,462	1,563,550	1,165,987
	$ 16,106,092	$ 10,331,671	$ 8,429,662

(16) Corporate bonds payable

	June 30, 2018	December 31, 2017	June 30, 2017
Second issue of overseas unsecured bonds			
Bonds payable	$ 8,720,465	$ 8,520,060	$ 8,709,013
Less: Discount on bonds payable	(189,546)	(277,786)	(378,595)
	8,530,919	8,242,274	8,330,418
Less: Current portion (recognized in long-term liabilities - current portion)	(8,530,919)	-	-
Bonds payable	$ -	$ 8,242,274	$ 8,330,418

A. The conditions for the second issuance of unsecured overseas convertible bonds are as follows:

(a) The Company issued the second unsecured overseas convertible bonds totaling US$300,000 thousand with the approval of the competent authority on June 6, 2014. The bonds carry zero coupon rate over 5 years. The circulation period is from June 26, 2014 to June 26, 2019.

(b) The conversion price is adjusted in line with the model specified in the conversion rules. As of June 30, 2018, there has not been any converted common stock at the conversion price of NT$90.7373 (using the exchange rate of 1 USD: 30.02 TWD).

(c) The bondholders may request the Company to redeem part or all of bonds at the interest compensation calculated based on the nominal amount of the bonds plus the annual interest rate of 0.125% (calculated every six months), that is, 100.38% of the nominal amount of the bonds, on the expiration date of three-year issuance of bonds. On June 26, 2017, the redemption amount totaled US$15,500 thousand.

(d) Except where the bonds have been redeemed, repurchased and cancelled or converted by the bondholders, the Company should repay the bonds in full based on the nominal amount of the bonds plus the annual interest rate of 0.125% (calculated every six months) on the maturity date of the bonds. The redemption amount due is calculated based on 100.63% of the nominal amount of the bonds.

(e) In accordance with the conversion rules, if the convertible bond is purchased (including purchased from the secondary market), early redeemed, or repaid at maturity by the Company, or if the convertible bond is converted into common stocks or redeemed by the bondholder, the bond is to be cancelled and will not be reissued.

(f) In accordance with the conversion rules, the rights and obligations of common stocks converted are the same as the outstanding ones previously subscribed.

(g) The effective interest rate of the convertible bonds is 2.3% per annum.

B. In accordance with IAS 32, the conversion options for the first issuance of unsecured overseas convertible bonds in 2012 were separated from the liabilities upon issuance, and the expired unconverted stock warrants were recognized as "capital surplus – expired stock warrants" totaling NT$258 on the due date of June 7, 2015.

C. In accordance with IAS 32, the conversion options for the second issuance of unsecured overseas convertible bonds in 2014 were separated from the liabilities upon issuance. As of June 30, 2018, US$15,500 thousand of the second unsecured overseas convertible bonds issued by the Company was redeemed, resulting in "capital surplus – expired stock warrants" totaling NT$45,401. The unexpired unconverted bonds were recognized as "capital surplus – stock warrants" totaling NT$833,332.

(17) Long-term loans

Type of Loan	Loan Period and Repayment Method	June 30, 2018
Syndicated loans	From December 28, 2016 to April 4, 2019; starting from October 4, 2018, the principal will be repaid semiannually in 2 installments, with 50% repaid per installment.	$ 9,138,000
Less: Arranger fees		(7,516)
Less: Current portion (recognized in long-term liabilities - current portion)		(9,130,484)
		$ -
Interest rate range		3.57%

Type of Loan	Loan Period and Repayment Method	December 31, 2017
Syndicated loans	From December 28, 2016 to April 4, 2019; starting from October 4, 2018, the principal will be repaid semiannually in 2 installments, with 50% repaid per installment.	$ 8,928,000
Less: Arranger fees		(12,238)
Less: Current portion (recognized in long-term liabilities - current portion)		(4,457,881)
		$ 4,457,881
Interest rate range		3.01%

Type of Loan	Loan Period and Repayment Method	June 30, 2017
Syndicated loans	From December 28, 2016 to April 4, 2019; starting from October 4, 2018, the principal will be repaid semiannually in 2 installments, with 50% repaid per installment.	$ 9,126,000
Less: Arranger fees		(17,514)
		$ 9,108,486
Interest rate range		2.44%

A. Details of long-term loans pledged as collateral are provided in Note 8.

B. In accordance with the syndicated loan agreement, the Company is required to calculate and maintain a certain current ratio, liability ratio, times-interest-earned ratio and net tangible asset balance based on the audited annual consolidated financial statements and the reviewed semiannual consolidated financial statements during the terms of the syndicated loans. The Company met all covenants of the syndicated loan contract as of June 30, 2018.

(18) Pensions

A. Defined benefit plans

(a) Zhen Ding Technology Co., Ltd., a subsidiary of the Group in Taiwan, has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor Pension Act. Under the defined benefit 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. Zhen Ding Technology Co., Ltd. contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the Supervisory Committee of Labor Retirement Reserve. Prior to the end of each annual period, Zhen Ding Technology Co., Ltd. assesses the balance of the aforementioned designated account for the labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

(b) The pension costs recognized by the Group in accordance with the above pension scheme were NT\$13, NT\$12, NT\$26 and NT\$67 for the three-month and six-month periods that ended on June 30, 2018 and 2017, respectively.

(c) The Group expects to make a contribution of NT\$15 to the pension plans for the year that ended on December 31, 2019.

B. Defined contribution plan

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute monthly an amount based on 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 expenses under the Labor Pension Act for three-month and six-month periods that ended on June 30, 2018 and 2017 were NT\$6,049, NT\$5,055, NT\$11,958 and NT\$10,282, respectively.

(b) The Group's subsidiaries in mainland China have defined contribution plans and contribute an amount monthly based on 10%~20% of employees' monthly salaries and wages to an independent fund administered by a government agency. Each employee's pension is managed by the government. The Group is under no further obligation beyond the monthly contribution. The pension costs under the local laws and regulations for the three-month and six-month periods that ended on June 30, 2018 and 2017 were NT$229,008, NT$181,637, NT$438,716, NT$372,917, respectively.

(19) Share-based payment

A. The share-based payment agreement of the Company's subsidiary, Avary Holding (Shenzhen) Co., Ltd., is as follows:

Type of Agreement	Grant Date	Quantity Granted	Term of Contract	Vesting Conditions
Plan of restricted employee shares	2017.02.27	185,080 thousand shares	7 years	(1)(2)

(a) The share-based payment is vested in employees having served for Avary Holding (Shenzhen) Co., Ltd. for seven years consecutively from the date of subscription and having met the performance requirements. For employees failing to meet the vesting conditions, their investment share is fully redeemed by the Group at the lower of amount of investment or carrying value of net assets; however, return of dividends already distributed is not required.

(b) The rights and obligations of issuance of investment shares should not be sold, pledged, transferred, donated to others, set obligations or otherwise disposed before employees meet the vesting conditions.

B. Restricted employee shares

The quantity of restricted employee shares is as follows (unit: 1,000 shares):

	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Outstanding as of January 1	185,080	-
Granted for the period	-	185,080
Outstanding as of June 30	185,080	185,080

C. Expenses arising from the share-based payment are as follows:

	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Expenses arising from restricted employee shares	$ 51,232	$ $ 28,444

(20) Share capital

As of June 30, 2018, the Company's authorized share capital amounted to NT$16,000,000, consisting of 804,748 thousand of issued and outstanding common stocks, with a par value of NT$10 per share. The paid-in capital was NT$8,047,484.

(21) Capital surplus

	For the six-month period ended on June 30, 2018					
	Premium on Issuance of Common Stocks	Premium on Conversion of Convertible Bonds	Stock Options	Expired Stock Options	Changes in Non-controlling Interests	Total
January 1	$ 5,690,348	$ 5,373,351	$ 833,332	$ 45,659	$ 2,908,608	$ 14,851,298
Restricted employee shares	-	-	-	-	41,453	41,453
June 30	$ 5,690,348	$ 5,373,351	$ 833,332	$ 45,659	$ 2,950,061	$ 14,892,751

	For the six-month period ended on June 30, 2017					
	Premium on Issuance of Common Stocks	Premium on Conversion of Convertible Bonds	Stock Options	Expired Stock Options	Changes in Non-controlling Interests	Total
January 1	$ 5,690,348	$ 5,373,351	$ 879,733	$ 258	$ -	$ 11,942,690
Restricted employee shares	-	-	-	-	25,479	25,479
Changes in non-controlling interests	-	-	-	-	2,837,841	2,837,841
Redemption of debts	(2,469,860)	(5,373,351)	-	-	-	(7,843,211)
Redemption of bonds payable	-	-	(45,401)	45,401	-	-
June 30	$ 3,220,488	$ -	$ 833,332	$ 45,659	$ 2,863,320	$ 6,962,799

A. The capital surplus of the Company arising from paid-in capital in excess of par value on issuance of common stocks may be used to cover accumulated deficit or issue new stocks or cash to shareholders based on the resolution of the shareholders' meeting.

B. Details of capital surplus - stock warrants, capital surplus - expired stock warrants and capital surplus - premium of convertible bonds are provided in Note 6(16).

C. Details of changes in capital surplus - non-controlling interest are provided in Note 6(31).

(22) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the current year's earnings should be distributed in the following order:

The Company should provide the following from the earnings in each fiscal year:

(a) Pay all tax accruals and payables arising from the current year;
(b) Offset prior years' losses;
(c) Set aside 10% of the remaining amount after deducting items from (a) and (b) above as general reserve, and
(d) Appropriate special reserve based on the resolution of the Board of Directors in accordance with the Company's Articles of Incorporation or as required by the securities exchange regulations.

The distribution of dividends or others distributions in each fiscal year should be proposed by the Board of Directors and resolved in the shareholders' meeting.

B. The distribution of earnings for 2017 and 2016 had been resolved in the stockholders' meetings on June 4, 2018 and June 20, 2017, respectively. The distribution of earnings is as follows:

	2017		2016	
	Amount	Dividend per Share (NT$)	Amount	Dividend per Share (NT$)
Capital surplus	$ 517,244		$ 345,619	
Special capital surplus	29,558		1,688,354	
Cash dividends	2,655,670	3.30	1,770,446	2.20
Total	$ 3,202,472		$ 3,804,419	

Information on the distribution of earnings resolved in the shareholders' meeting is available on the Market Observation Post System of Taiwan Stock Exchange Corporation.

C. Details of employees' bonus and directors' and supervisors' remuneration are provided in Note 6(25).

(23) Other equity items

	Unrealized Profit or Loss on Financial Assets at Fair Value through Other Comprehensive Income.	Exchange Differences on Translation of Foreign Financial Statements	Total
January 1, 2018	$ -	($ 1,717,913)	($ 1,717,913)
Valuation adjustment	(41,335)	-	(41,335)
Foreign exchange differences:			
- Group	-	273,140	273,140
June 30, 2018	($ 41,335)	($ 1,444,773)	($ 1,486,108)

	Unrealized Profit or Loss on Financial Assets at Fair Value through Other Comprehensive Income.	Exchange Differences on Translation of Foreign Financial Statements	Total
January 1, 2017	($ 5,014)	($ 1,683,342)	($ 1,688,356)
Disposal of financial assets	5,014	-	5,014
Foreign exchange differences:			
- Group	-	(1,006,197)	(1,006,197)
June 30, 2017	$ -	($ 2,689,539)	($ 2,689,539)

(24) Additional information on expenses by nature

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Employee benefit expenses	$ 3,283,197	$ 2,613,251	$ 6,372,953	$ 5,124,040
Depreciation expenses	1,650,957	1,292,490	3,249,309	2,628,408
Amortization expenses	19,568	19,149	39,787	37,228
	$ 4,953,722	$ 3,924,890	$ 9,662,049	7,789,676

(25) Employee benefit expense

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Wages and salaries	$ 2,531,827	$ 2,021,558	$ 4,987,872	$ 3,956,641
Employee remuneration	4,240	4,087	13,470	33,809
Labor and health insurance expenses	132,194	95,746	247,816	200,108
Pension expenses	235,070	186,704	450,700	383,266
Other personnel costs	379,866	305,156	673,095	550,216
	$ 3,283,197	$ 2,613,251	$ 6,372,953	$ 5,124,040

A. In accordance with the Company's Articles of Incorporation, a ratio of distributable profit for the current year, after covering accumulated losses, shall be distributed as employees' bonus and directors' and supervisors' remuneration. The ratio shall between 0.5% and 20% for employees' compensation and up to 0.5% for directors' and supervisors' remuneration.

B. For the three-month and six-month periods that ended on June 30, 2018 and 2017, employees' bonus was accrued at NT$4,240, NT$4,087, NT$13,470 and NT$33,809, respectively, the directors' and supervisors' remuneration was accrued at NT$2,650, NT$2,636, NT$5,258 and NT$5,185 respectively.

C. The amounts of employees' bonus and directors' and supervisors' remuneration for 2017 that had been resolved by the Board of Directors are the same as those stated in the financial statements of 2017.

D. Information on employees' bonus and directors' and supervisors' remuneration approved by the Board of Directors is available on the Market Observation Post System.

(26) Other income

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Interest revenue				
Interests on bank deposits	$ 52,634	$ 140,413	$ 166,324	$ 286,250
Interest on financial assets at amortized cost	198,602	99	311,240	253
Interest on wealth management products	-	22,503	-	28,771
Government grants	60,540	136,720	69,434	163,602
Others	7,318	27,390	43,157	80,846
	$ 319,094	$ 327,125	$ 590,155	$ 559,722

(27) Other gains and losses

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Net gain (loss) on disposal of property, plant and equipment	$ 2,808	($ 11,709)	$ 9,732	($ 17,443)
Gain on disposal of investments	-	(38)	-	9,117
Net gain (loss) on foreign exchange	101,991	(3,840)	(438,873)	(235,049)
Gain on financial assets at fair value through profit or loss	-	18,855	11,702	20,317
Others	(25,715)	(24,121)	(27,843)	(31,186)
	$ 79,084	($ 20,853)	($ 445,282)	($ 254,244)

(28) Financing costs

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Interest expenses:				
Bank loans	$ 185,750	$ 130,264	$ 353,159	$ 251,442
Amortization of convertible bonds discount	46,329	49,656	91,911	100,658
Amortization of arranger fees	2,449	2,490	4,859	5,047
	$ 234,528	$ 182,410	$ 449,929	$ 357,147

(29) Income tax

A. Components of income tax expense

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Current tax:				
Current tax payable for the period	$ $ 322,553	$ $ 190,428	$ $ 911,837	$ $ 943,157
Tax on unappropriated surplus earnings	-	13,643	-	13,643
Adjustments in respect of prior years	(11,403)	(21,919)	(11,403)	(33,032)
Total current tax	311,150	182,152	900,434	923,768
Deferred tax:				
Origination and reversal of temporary differences	15,391	(116,831)	(311,625)	(724,431)
Impact of tax rate changes	(19)	-	(8,165)	-
Income tax expense	$ $ 326,522	$ $ 65,321	$ $ 580,644	$ $ 199,337

B. The tax returns of Zhen Ding Technology Co., Ltd. through 2015 have been assessed and approved by the tax authority.

C. The tax returns of Avary Technology Co., Ltd. through 2016 have been assessed and approved by the tax authority.

D. The amendments to the Income Tax Act of the Republic of China came into effect on

February 7, 2018, and the profit-making enterprise income tax rate was increased from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(30) Earnings per share (EPS)

	For the three-month period ended on June 30, 2018		
	Amount after Tax	Weighted Average Number of Shares Outstanding (in Thousands)	Earnings per Share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 749,553	804,748	$ 0.93
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 749,553	804,748	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds – overseas	46,329	94,125	
Employee compensation	-	200	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 795,882	899,073	$ 0.89

	For the three-month period ended on June 30, 2017		
	Amount after Tax	Weighted Average Number of Shares Outstanding (in Thousands)	Earnings per Share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 194,726	804,748	$ 0.24
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 194,726	804,748	
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	-	469	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 194,726	805,217	$ 0.24

	For the six-month period ended on June 30, 2018		
	Amount after Tax	Weighted Average Number of Shares Outstanding (in Thousands)	Earnings per Share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,127,991	804,748	$ 1.40
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,127,991	804,748	
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds – overseas	91,911	94,125	
Employee compensation	-	710	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,219,902	899,583	$ 1.36

	For the six-month period ended on June 30, 2017		
	Amount after Tax	Weighted Average Number of Shares Outstanding (in Thousands)	Earnings per Share (NT$)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 548,952	804,748	$ 0.68
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	548,952	804,748	
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	-	3,142	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 548,952	807,890	$ 0.68

As employees' bonus could be distributed in the form of stocks, the diluted EPS computation shall assume that distribution will be in the form of stocks in the calculation of the weighted-average number of ordinary shares outstanding during the reporting year, taking into account the dilutive effect of stock bonus on potential ordinary shares.

(31) Non-controlling interest

A. Avary Holding (Shenzhen) Co., Ltd. issued new stocks on February 28 and June 23, 2017. The Group did not subscribe for additional stocks in proportion to its ownership and thus its equity decreased by 9.91% and 9.18%, respectively. The non-controlling interest of the Group increased by NT$3,872,158 and NT$5,174,551, respectively, totaling NT$9,046,709, and equity attributable to owners of the parent decreased by NT$173,009 and increased by NT$2,837,841, respectively, totaling NT$2,664,832.

B. The effect of changes in the equity of the Group for the six-month periods that ended on June 30, 2018 and 2017 on equity attributable to owners of the parent is as follows:

	For the six-month period ended on June 30, 2017
Cash increase investment	$ 11,711,541
Increase in carrying amount of non-controlling interests	(9,046,709)
Effect of attributable to shareholders of the parent	$ 2,664,832
Adjustment of attributable to shareholders of the parent	
Retained earnings	($ 173,009)
Capital surplus - changes in non-controlling interests	$ 2,837,841

C. The Group entered into an investment agreement with a certain non-controlling interest in the second quarter of 2017, and recognized the redemption liabilities in accordance with the agreed terms and conditions under "other non-current liabilities, others". The agreement lapsed automatically when the competent authority of China officially accepted Avary Holding (Shenzhen) Co., Ltd. for the initial public offering (IPO) of RMB common stocks (Class A) and applied for listing-related materials on November 3, 2017.

(32) Additional information regarding cash flows

A. Investing activities with partial cash payments:

	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Purchase of property, plant and equipment	$ 6,646,969	$ 4,848,413
Add: Equipment payable, beginning of period (recognized in other payables)	3,066,678	1,656,187
Less: Equipment payable, end of period (recognized in other payables)	(3,205,058)	(2,227,470)
Net exchange differences	17,916	(52,986)
Cash paid for the period	$ 6,526,505	$ 4,224,144

	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Acquisition of land use rights (recognized in other non-current assets)	$ 3,634,506	$ 46,777
Less: Land use rights payable, end of period (recognized in other payables)	(3,346,981)	-
Net exchange differences	-	(470)
Cash paid for the period	$ 287,525	$ 46,307

B. Financing activities that do not affect cash flows:

	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Declared cash dividends	$ 2,655,670	$ 1,770,446

C. Changes in liabilities from financing activities

Regarding changes in liabilities from financing activities, the effect of discount amortization, repayments, and changes in the exchange rate for the six-month period that ended on June 30, 2018 were NT$4,859, NT$3,365,169, and NT$351,088, respectively. Please refer to the consolidated statements of cash flows for details.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Related Parties	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	A group that has a significant influence on the Group
CyberTAN Technology Inc. and its subsidiaries	Other related parties
Foxconn Interconnect Technology Limited and its subsidiaries	Other related parties
General Interface Solution Holding Limited and its subsidiaries	Other related parties

(2) Significant transactions between related parties

A. Sales

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Sales of goods:				
- Enterprises that have a significant influence on the Company	$ 1,304,615	$ 1,357,268	$ 2,661,163	$ 2,450,147
- Other related parties	285,031	434,588	646,807	734,624
	$ 1,589,646	$ 1,791,856	$ 3,307,970	$ 3,184,771
Sales of service:				
-Enterprises that have a significant influence on the Company	$ -	$ 3,943	$ -	$ 8,508

The selling prices to related parties are similar to those to unrelated customers. Other particular related party transactions, prices and credit terms are determined in accordance with mutual agreements. The common credit term is 1~4 month(s).

B. Purchases

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Purchase of goods:				
-Enterprises that have a significant influence on the Company	$ 645,170	$ 295,927	$ 1,016,429	$ 628,778

The Group purchased goods from the above related parties at market prices. Other particular related party transactions, prices and payment terms are determined in accordance with mutual agreements. The common payment term is 1~4 month(s).

C. Accounts receivable

	June 30, 2018	December 31, 2017	June 30, 2017
Accounts receivable - related parties (net):			
-Enterprises that have a significant influence on the Company	$ 1,480,251	$ 2,000,005	$ 1,507,788
-Other related parties	239,285	153,806	363,552
	1,719,536	2,153,811	1,871,340
Less: allowance for bad debts	(8,418)	(15,126)	-
Total	$ 1,711,118	$ 2,138,685	$ 1,871,340

D. Accounts payable

	June 30, 2018	December 31, 2017	June 30, 2017
Accounts payable - related parties:			
-Enterprises that have a significant influence on the Company	$ 635,288	$ 704,783	$ 256,630

E. Property transactions

Acquisition of property:	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Acquisition of property, plant and equipment				
Enterprises that have a significant influence on the Company	$ 1,082	$ 40,527	$ 2,476	$ 129,781

(3) Key management compensation

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Short-term employee benefits	$ 7,883	$ 7,816	$ 24,982	$ $ 25,438

8. PLEDGED ASSETS

Assets pledged as collateral by the Group are as follows:

Asset Breakdown	Nature	June 30, 2018	December 31, 2017	June 30, 2017
Time deposits due for more than three months (recognized in “other current assets”)	Short-term loans	$ -	$ -	$ 2,277,537

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted but not yet incurred

	June 30, 2018	December 31, 2017	June 30, 2017
Property, plant and equipment	$ 600,259	$ 443,821	$ 1,474,889

B. Operating lease contracts

The Group entered into 5-year plant and equipment lease contracts with non-related parties. According to the contracts, the Group's future leases payable are as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
Less than one year	$ 130,728	$ 110,364	$ 31,043
More than one year but less than five years	270,021	137,516	27,977
	$ 400,749	$ 247,880	$ 59,020

C. The amount of unused letters of credit issued by the Group for the purchase of fixed assets is as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
Letter of credit issued but not yet used	$ 1,426,289	$ 2,124,770	$ 1,619,596

D. Details of endorsements & guarantees made by the Group to related parties are provided in Note 13.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to operate with the goal to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue share capital in response to the conversion of bonds and issue new shares.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2018	December 31, 2017	June 30, 2017
Financial assets			
Financial assets at fair value through profit or loss	$ -	$ 7,935	$ 17,549
Financial assets at fair value through other comprehensive income	79,555	-	-
Financial assets at amortized cost	51,949,862	67,012,647	51,776,526
Held-to-maturity financial assets	-	151,064	30,685
Financial assets carried at cost	-	120,992	121,099
	$ 52,029,417	$ 67,292,638	$ 51,945,859
Financial liabilities			
Financial liabilities at amortized cost	($ 60,475,505)	($ 66,639,946)	($ 48,822,106)

Note: Financial assets at amortized cost include cash and cash equivalents, accounts receivable (including related parties), other receivables and other current assets; financial liabilities at amortized cost include short-term loans, accounts payable (including related parties), other payables, current portion of long-term liabilities, long-term loans, corporate bonds payable, and deposits received.

B. Financial risk management policies

(a) Risk categories

The Group employs a comprehensive risk management and control system to clearly identify, measure, and control various kinds of financial risks it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk.

(b) Management objectives

i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be controlled internally or removed from business processes. Therefore, the goal in managing each of these risks is to reduce them to zero.

ii. As for market risk, the goal is to optimize its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of long-term trends in the external economic/financial environment, internal operating conditions, and the actual effects of market fluctuations.

iii. The Group's overall risk management policy focuses on the unpredictable item of financial markets and seeks to reduce the risk that potentially pose adverse effects on the Group's financial position and financial performance.

iv. For information on the derivatives that the Group uses, please refer to Note 6.

(c) Management system

i. Risk management is executed by the Group's finance department following policies approved by the Board of Directors. Through cooperation with the Group's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks.

ii. The Board of Directors has a written policy covering overall risk management. It also has written policies covering specific issues, such as exchange rate risk, interest rate risk, credit risk, derivative and non-derivative financial instruments used, and the investment of excess working capital.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group is a multinational group. Its exchange rate risk mainly comes from USD and RMB. Most of the exchange rate risks from operating activities come from different exchange rates to functional currencies as the invoice dates of accounts receivable and payable, loans and payables on equipment denominated in nonfunctional foreign currency are different. Assets and liabilities recognized in the balance sheet and the net investment in foreign operations also result in the exchange rate risk.

ii. The Group has set up policies requiring subsidiaries within the Group to manage their own exchange rate risks of functional currencies; however, the overall exchange rate risk is hedged by the Group's finance department.

iii. The Group has investments in several foreign operations and its net assets are subject to the risk of foreign currency translations. The exchange rate risk arising from the foreign operations of the Group is mainly hedged through liabilities denominated in relevant foreign currencies.

iv. The Group’s business involves the use of various non-functional currencies (the Company and some subsidiaries’ functional currency is USD, whereas some subsidiaries’ functional currency is RMB or NTD); as a consequence, it is subject to changes in exchange rates. Assets and liabilities that are denominated in foreign currencies and significantly affected by changes in exchange rates are as follows:

	June 30, 2018			Sensitivity Analysis for the six-month Period Ended June 30, 2018	
	Foreign Currency (in thousands)	Exchange Rate	Book value (NT$1,000)	Extent of variation	Effect on Comprehensive Income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	203,961	30.46	$ 6,212,652	1%	$ 62,127
USD:RMB	655,573	6.6166	19,951,086	1%	199,511
Net effect in consolidated entities with foreign currency					
USD:NTD	2,008,381	30.46	61,175,285	1%	611,753
Financial liabilities					
Monetary items					
USD:NTD	128,894	30.46	3,926,111	1%	39,261
USD:RMB	635,720	6.6166	19,346,900	1%	193,469
JPY:RMB	2,213,076	0.0599	609,866	1%	6,099

	June 30, 2017			Sensitivity Analysis for the six-month Period Ended June 30, 2017	
	Foreign Currency (in thousands)	Exchange Rate	Book value (NT$1,000)	Extent of variation	Effect on Comprehensive Income
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	125,759	30.42	$ 3,825,589	1%	$ 38,256
USD:RMB	579,335	6.7744	17,609,891	1%	176,099
Net effect in consolidated entities with foreign currency					
USD:NTD	1,582,139	30.42	48,128,668	1%	481,287
Financial liabilities					
Monetary items					
USD:NTD	177,358	30.42	5,395,230	1%	53,952
USD:RMB	524,649	6.7744	15,947,615	1%	159,476
JPY:RMB	1,502,321	0.0605	407,725	1%	4,077

v. For the total exchange gain or loss (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods that ended on June 30, 2018 and 2017, please refer to Note 6(27).

Cash flow and fair value interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risks which is partially offset by cash and cash equivalents held at variable rates.

Based on the simulations performed, the impact on post-tax profit of a 0.25% shift would be a maximum increase or decrease of NT$26,794 and NT$26,576 for the six-month periods that ended on June 30, 2018 and 2017, respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

The Group's financial assets at amortized cost are fixed-rate products. The change in the market rate will change the fair value of the financial products. As the Group's financial assets are held to maturity date to seek the returns on the effective interest rate in the duration, no gain or loss on disposal or valuation may occur due to fluctuations in fair value.

<u>Price risk</u>

The Group's investments are mainly equity instruments classified as financial assets at fair value through other comprehensive income. The prices of equity instruments would change due to the changes in the future value of investment; however, price fluctuations have no significant impact on the value of the investment.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the customers or counterparties of financial instruments on the contract obligations.

According to the Group's established internal credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments, and is measured and monitored by the finance department of the Group. The counterparties are government agencies, banks with good credit quality and financial institutions with investment grade, so there is no significant compliance concern or credit risk.

ii. The Group applies the following criteria in judging whether there is a significant increase in the credit risk of financial instruments since initial recognition:

(i) When the contract payment is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk is deemed to have significantly increased since the initial recognition of the financial assets.

(ii) When the rating of investment target with an independent credit rating is down by two grades, the investment's credit risk is deemed to have significantly increased.

iii. 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 of the issuer;

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

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

iv. If the contract payments are past due over 90 days based on the terms, it is deemed that a default has occurred.

v. The credit quality of the Group's financial assets that have not been overdue and have not been impaired is as follows:

<u>Cash and cash equivalents</u>

The Group deals with financial institutions with good credit quality. The Group also deals with various financial institutions to diversify credit risks. Therefore, the expected risk of default is pretty low.

<u>Financial assets at fair value through profit or loss</u>

The counterparties of the Group's derivatives are banks with good credit quality or financial institutions with investment grade or above. Therefore, the expected risk of default is pretty low.

The maximum amount of credit risk as of the balance sheet date is the carrying amount of financial assets at fair value through profit or loss.

<u>Financial assets at amortized cost</u>

The Group’s investments in debt instruments at amortized cost had a low credit risks as of June 30, 2018. Thus, their carrying amount is measured by 12-month ECL after the balance sheet date.

<u>Accounts receivable (including related parties)</u>

(i) The Group applies the following approaches to assess the ECLs of accounts receivable:

a. Assess the ECLs on an individual basis if a significant default has occurred to certain customers;

b. Classify the other customers’ accounts receivable based on the Group’s credit rating standards and estimate the ECLs using loss rate methodology or a provision matrix.

c. Adjust the loss rates constructed from historical and recent information by taking into account the business cycle indicators of the National Development Council and forecasts of the Basel Committee on Banking Supervision.

d. As of June 30, 2018, the individual allowance for impairment of accounts receivable and ones estimated using loss rate methodology or a provision matrix are as follows:

June 30, 2018	Individual	Group 1	Group 2	Group 3	Group 4	Total
Expected loss rate		0.03%	0.07%	0.1%~1%	1%~5%	
Total book value	$ -	$ 12,066,165	$ 2,131,082	$ -	$ 1,846,314	$ 16,043,561
Loss allowance	$ -	($ 3,619)	($ 1,492)	$ -	($ 39,923)	($ 45,0.34)

Group 1: Standard Poor’s, Fitch’s, or Moody’s rating of A-level, or rated as A-level in accordance with the Group’s credit policies for those that have no external credit ratings.

Group 2: Standard Poor’s or Fitch’s rating of BBB, Moody’s rating of Baa, or rated as B or C in accordance with the Group’s credit policies for those that have no external credit ratings.

Group 3: Standard Poor’s or Fitch’s rating of BB + and below, or Moody’s rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Group’s credit policies for those that have no external credit ratings.

(ii) Movements of loss allowance for accounts receivable (including related parties) provided by the Group applying the simplified approach are as follows:

	For the six-month period ended on June 30, 2018
Beginning balance	$ 49,182
Reversal of impairment loss	(6,938)
Net exchange differences	2,790
Ending balance	$ 45,034

Other receivables

The Group's subsidiaries in China mainly manufacture products for export and are entitled to tax exemption, deduction and refund according to local laws and regulations. Tax refunds and tax credit are calculated on a monthly basis according to the type of goods sold. As the Group's other receivables are due from government agencies, there have been no significant concerns for default.

vi. Additional information on credit risks as of December 31, 2017 and June 30, 2017 is provided in Note 12(4).

(c) Liquidity risk

i. Cash flow forecasting is performed by each operating entity of the Group and aggregated by the finance department. The finance department of the Group monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and statutory requirements, such as exchange control.

ii. Details of the Group's undrawn borrowing facilities to be due are as follows:

	June 30, 2018		December 31, 2017		June 30, 2017	
Due within 1 year	$	30,987,508	$	21,243,102	$	28,800,065
Due for more than 1 year		6,610,075		3,156,849		5,695,369
	$	37,597,583	$	24,399,951	$	34,495,434

iii. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled 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 and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table below are the contractual undiscounted cash flows. The remaining period of bonds payable is from the balance sheet date to the date when the bonds can be redeemed by bondholders. Except as described in the following table, the Group's non-derivative financial liabilities are due within the following 12 months:

Non-derivative financial liabilities: June 30, 2018	Less than 1 year		1~2 Year(s)		Total	
Deposits received	$	-	$	197,214	$	197,214

Non-derivative financial liabilities: December 31, 2017	Less than 1 year		1~2 Year(s)		Total	
Bonds payable (including bonds due within 1 year)	$	-	$	8,520,060	$	8,520,060
Long-term loans (including 1-year due)		4,464,000		4,464,000		8,928,000
Deposits received		-		150,723		150,723
	$	4,464,000	$	13,134,783	$	17,598,783

Non-derivative financial liabilities: June 30, 2017	Less than 1 year		1~2 Year(s)		Total	
Bonds payable (including bonds due within 1 year)	$	-	$	8,709,013	$	8,709,013
Long-term loans (including 1-year due)		-		9,126,000		9,126,000
Deposits received		-		34,068		34,068
	$	-	$	17,869,081	$	17,869,081

iv. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(d) Cash flow risk of interest rate changes

The Group's borrowings at floating interest rates will change the effective interest rate as the market interest rate changes; however, the funds generated by the Group's operations are sufficient to avoid the cash flow risk of interest rate changes. For the Group's borrowings at a fixed interest rate and lease payments, there is no cash flow risk arising from changes in market rates.

(3) Fair value information

A. The different levels of valuation techniques used to measure and disclose the fair value of financial instruments are defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market is a market that meets all of the conditions set below: the items traded in the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public. The fair value of the Group’s investment in listed stocks is 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 (that is, as prices) or indirectly (that is, derived from prices). The fair value of the Group’s investment in derivatives is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amount of the Group’s financial instruments not at fair value, e.g. cash and cash equivalents, financial assets at amortized cost - time deposits due for more than three months, financial assets at amortized cost - capital guarantee financial products, accounts receivable (including related parties), other receivables, other current assets, short-term loans, accounts payable (including related parties), other payables and long-term loans, approximate to their fair value:

	June 30, 2018			
		Fair Value		
	Carrying Amount	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortized cost - bonds	$ 276,008	$ 262,828	$ -	$ -
Financial liabilities:				
Bonds payable	$ 8,530,919	$ -	$ 8,630,867	$ -
Deposits received	197,214	-	196,801	-
Total	$ 8,728,133	$ -	$ 8,827,668	$ -

	December 31, 2017			
		Fair Value		
	Carrying Amount	Level 1	Level 2	Level 3
Financial assets:				
Held-to-maturity financial assets	$ 151,064	$ 148,373	$ -	$ -
Financial liabilities:				
Bonds payable	$ 8,242,274	$ -	$ 8,378,750	$ -
Deposits received	150,723	-	150,407	-
Total	$ 8,392,997	$ -	$ 8,529,157	$ -

	June 30, 2017			
		Fair Value		
	Carrying Amount	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortized cost - bonds	$ 30,685	$ 30,649	$ -	$ $-
Financial liabilities:				
Bonds payable	$ 8,330,418	$ $-	$ 8,501,347	$ $-
Deposits received	34,068	-	33,997	-
Total	$ 8,364,486	$ $-	$ 8,535,344	$ $-

(b) Methods and assumptions used by the Group to disclose the fair value are as follows:

i. Financial assets at amortized cost - bonds: The fair value is the quoted price in active markets.

ii. Bonds payable: The fair value of the Group's convertible bonds is estimated using the present value of the expected cash flows and the market rate.

iii. Deposits received: The fair value of deposits received is estimated using the present value of the expected cash flows. The discount rate is based on the fixed interest rate for the one-year term time deposit of the Postal Savings and Remittance Bureau at the end of period.

C. Financial instruments measured at fair value

(a) Below states the information on the Group’s financial instruments measured at fair value that have been classified in accordance with the nature, characteristics, risks and fair values of assets or liabilities:

June 30, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 79,555	$ 79,555

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss	$ -	$ 7,935	$ -	$ 7,935

June 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss	$ -	$ 17,549	$ -	$ 17,549

(b) Methods and assumptions used by the Group to measure the fair value are as follows:

i. The Group adopted market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	List shares
Market quote	Closing price

ii. 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 the one calculated by applying model using market information available at the consolidated balance sheet date.

iii. When evaluating financial instruments that are non-standard and with lower complexity, such as foreign exchange swap contracts, the Group adopts valuation techniques that are commonly used by market participants. The parameters used in the valuation models for those financial instruments are normally observable data in the market.

iv. The valuation of derivatives adopts valuation models that are commonly used by market participants, such as discounted cash flow method or option pricing model. Forward foreign exchange contracts are usually valuated based on the current forward exchange rates.

v. Outputs of valuation models are estimated and valuation techniques may not be able to capture all relevant factors of the Group’s financial instruments. Therefore, when needed, the estimated value derived using valuation model is adjusted accordingly with additional inputs, such as model risk or liquidity risk. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Group takes in to account the adjustment of credit risk valuation into the fair value measurement of financial instruments to reflect the credit risk of counterparties and the credit quality of the Group.

D. The following table shows the movements of Level 3 for the six-month period ended on June 30, 2018:

	For the six-month period ended on June 30, 2018
	Equity securities
Beginning balance	$ 120,992
Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income	(41,335)
Net exchange difference	(102)
Ending balance	$ 79,555

(a) The Group commissions external appraisers to evaluate the fair value measurements categorized within Level 3, which is to verify the independent fair value of financial instruments. Such an assessment is to ensure the valuation results are reasonable by applying independent information to make the results close to current market conditions, confirming the information source is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing and updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

(b) The following is the qualitative information of significant unobservable inputs and the sensitivity analysis of changes in significant unobservable inputs to the valuation model used in Level 3 fair value measurement:

	Fair value as of June 30, 2018	Valuation techniques	Significant unobservable input	Interval (weighted average)	Relationship of inputs to fair value
Equity securities:					
Unlisted stocks	$ 79,555	Market comparable companies	Enterprise value to EBIT multiple	15.28~24.03	The higher the long-term EBIT, the higher the fair value

(c) The Group has carefully assessed the valuation models and parameters used to measure fair value. However, use of different valuation models or parameters may result in different measurements. The following is the effect on profit or loss or other comprehensive income from financial assets and liabilities categorized as Level 3 if the parameters used in the valuation models have changed:

			June 30, 2018	
			Recognized in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change
Financial assets				
Equity instrument	$ 79,555	±1%	$ 796	($ 796)

E. For the six-month periods that ended on June 30, 2018 and 2017, there was no transfer between Level 1 and Level 2.

F. For the six-month periods that ended on June 30, 2018 and 2017, there was no transfer into or out from Level 3.

(4) Effects on initial application of IFRS 9

A. Information on significant accounting policies used in the year that ended on December 31, 2017 and the three-month period ended on June 30, 2017 is provided in Note 4 of the Group's consolidated financial statements for the year that ended on December 31, 2017.

B. The reconciliations of the carrying amount of financial assets transited from December 31, 2017 under IAS 39, to January 1, 2018 under IFRS 9, were as follows:

(a) Debt instruments classified as "other financial assets" (listed under "other current assets") and "held-to-maturity financial assets" were NT$14,148,555 and NT$151,064 under IAS 39, respectively. As their cash flows met the condition that they are intended to settle the principal and interest on the outstanding principal balance and the Group held those instruments to collect contractual cash flows, they were classified as "financial assets at amortized cost" upon the initial application of IFRS 9.

(b) For the equity instruments classified as "financial assets carried at cost" of NT$120,992 under IAS 39, as they were not held for the purpose of trading, they were classified as "financial assets at fair value through other comprehensive income (equity instruments)" upon the initial application of IFRS 9.

(c) The Group has assessed that the above adjustments have no impact on retained earnings and other equity interests.

C. The credit risk information as of December 31, 2017 and June 30, 2017 is as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the customers or counterparties of financial instruments on the contract obligations. According to the Group's established internal credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. There are also credit risks from wholesale and retail customers and outstanding accounts receivables. For banks and financial institutions, only institutions with an independent credit rating of at least "A" will be accepted as trading counterparties.

(b) No credit limits were exceeded for the six-month period that ended on June 30, 2017, and management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality of the Group's financial assets that have not been overdue and have not been impaired is as follows:

Accounts receivable (including related parties)

The Group's accounts receivable are not overdue or impaired. The credit quality of the Group based on the credit standards is as follows:

	December 31, 2017	June 30, 2017
Group 1	$ 24,163,614	$ 7,854,172
Group 2	3,315,730	2,769,032
Group 3	-	-
Group 4	2,834,982	1,626,399
	$ 30,314,326	$ 12,249,603

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.

Other current assets

The counterparties of the Group's time deposits due for more than three months, guaranteed wealth management products and private equity funds are banks with good credit quality or financial institutions with investment grade or above. Therefore, the expected risk of default is pretty low.

Held-to-maturity financial assets

The bond issuers have good credit quality, and the Group controls credit risk through the control of transaction limits and the stringent evaluation of credit ratings. Therefore, the expected risk of default is pretty low.

(d) The aging analysis of accounts receivable that have been overdue but not impaired is as follows:

	December 31, 2017	June 30, 2017
≦30 days	$ 295,625	$ 45,447
31-90 days	8,488	46,131
91-180 days	539	7,203
Over 181 days	181	-
	$ 304,833	$ 98,781

The above aging analysis is based on the number of days overdue.

(e) The analysis of changes in accounts receivable that have been impaired is as follows:

As of June 30, 2017, the Group's accounts receivable that have been impaired amounted to NT$16,102. The change in the allowance for bad debts is as follows:

	For the six-month period ended on June 30, 2017
Balance, beginning of the period	$ 16,085
Net exchange differences	17
Balance, end of the period	$ 16,102

The above amounts of impaired accounts receivable were assessed separately.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(The required disclosure of invested companies comes from the financial statements that were prepared by invested companies and audited by the CPA. Besides, transactions with subsidiaries have been eliminated in consolidation of the financial statements. The disclosed information below is for reference.)

A. Loans to others: Please refer to Appendix 1.

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

C. Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures): Please refer to Appendix 2.

D. Acquisition or sale of the same securities with the accumulated cost reaching NT$300 million or 20% of paid-in capital or more: Please refer to Appendix 3.

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

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

G. Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to Appendix 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to Appendix 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to Appendix 6.

(2) Information on invested companies

(The required disclosure of invested companies comes from the financial statements that were prepared by invested companies and audited by the CPA. Besides, transactions with subsidiaries have been eliminated in consolidation of the financial statements. The disclosed information below is for reference.)

Names, locations and other information of invested companies (excluding invested companies in mainland China): Please refer to Appendix 7.

(3) Information on investments in mainland China

A. Basic information: Please refer to Appendix 8.

B. Significant transactions with invested companies in mainland China, either directly or indirectly through a third area: None.

14. SEGMENT INFORMATION

(1) General information

The Group's scope of business is manufacturing of various printed circuit boards. The operating decision makers operate business by product. Currently, the operating segments have similar gross profit margins, and expected growth rates are in line with the aggregate reporting conditions. Therefore, only a single operating segment is disclosed. The operating decision makers assess performance and allocate resources of the operating segments based on each operating segment's revenue and operating income after adjusting the internal costs and allocated expenses. Except for the recognition of internal costs which should be in accordance with the Group's related internal calculation basis, the operating segments' accounting policies are the same as disclosed in Note 4.

(2) Reportable segment information

The information of reportable segments provided for chief operating decision maker is as follows:

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
External revenue	$ 20,707,576	$ 15,742,219	$ 43,418,535	$ 33,249,822
Revenue from internal customers	-	-	-	-
Segment revenue	$ 20,707,576	$ 15,742,219	$ 43,418,535	$ 33,249,822
Segment profit or loss	$ 1,473,690	$ 438,960	$ 2,788,403	$ 954,829

(3) Reconciliation of segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment revenue and total revenue, reportable segment profit or loss and net income is as follows:

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Reportable segment revenue	$ 20,707,576	$ 15,742,219	$ 43,418,535	$ 33,249,822
Other operating segment revenue	-	-	5,763	12,544
Total segment revenue (Corporate revenue)	$ 20,707,576	$ 15,742,219	$ 43,424,298	$ 33,262,366

	For the three-month period ended on June 30, 2018	For the three-month period ended on June 30, 2017	For the six-month period ended on June 30, 2018	For the six-month period ended on June 30, 2017
Reportable segment profit or loss	$ 1,473,690	$ 438,960	$ 2,788,403	$ 954,829
Other operating segment profit or loss	(5,201)	15,384	(3,264)	13,719
Total segment profit or loss	1,468,489	454,344	2,785,139	968,548
Interest revenue and finance costs	16,708	(19,395)	27,635	(41,873)
Net gain (loss) on foreign exchange	101,991	(3,840)	(438,873)	(235,049)
Others	(582,259)	(179,284)	(814,429)	(554,689)
Net income	$ 1,004,929	$ 251,825	$ 1,559,472	$ 636,937

Zhen Ding Technology Holding Limited and Subsidiaries
Loans to Others
From January 1 to June 30, 2018

Appendix 1

Expressed in Thousands of New Taiwan Dollars
(Unless otherwise specified)

No.	Creditor	Borrower	General Ledger Account	Related Party (Y/N)	Maximum Outstanding Balance for the Period (Note 5)	Balance at June 30, 2018 (Note 6)	Actual Amount Drawn down	Interest Rate	Nature of Loan	Amount of Transaction	Reason for Short-term Financing	Allowance for Bad Debts	Collateral Item	Collateral Value	Limit on Loans to a Single Party (Notes 3 and 4)	Ceiling on Total Loans Granted (Notes 1 and 4)	Note
0	The Company	Monterey Park Finance Limited	Other receivables	Yes	$ 609,200	$ 609,200	$ -	-	Short-term financing	$ -	Operating capital	$ -	None	$ -	$ 17,235,845	$ 17,235,845	
0	The Company	Qiding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	304,600	304,600	304,600	2.23%	Short-term financing	-	Operating capital	-	None	-	17,235,845	17,235,845	
1	FAT Holdings Limited	Monterey Park Finance Limited	Other receivables	Yes	731,040	731,040	-	-	Short-term financing	-	Operating capital	-	None	-	3,654,772	3,654,772	
1	FAT Holdings Limited	Henley International Limited	Other receivables	Yes	609,200	609,200	-	-	Short-term financing	-	Operating capital	-	None	-	3,654,772	3,654,772	
2	Mayco Industrial Limited	The Company	Other receivables	Yes	4,995,440	4,995,440	974,720	2.70%	Short-term financing	-	Operating capital	-	None	-	19,275,542	19,275,542	
3	Pacific Fair International Limited	The Company	Other receivables	Yes	2,741,400	2,741,400	2,397,202	2.70%	Short-term financing	-	Operating capital	-	None	-	2,952,991	2,952,991	
4	Pacific Stand Enterprises Limited	Monterey Park Finance Limited	Other receivables	Yes	700,580	700,580	673,746	2.40%	Short-term financing	-	Operating capital	-	None	-	3,403,763	4,765,269	
5	Monterey Park Finance Limited	Qiding Technology Qinhuangdao Co., Ltd.	Other receivables	Yes	1,218,400	1,218,400	609,200	2.23%	Short-term financing	-	Operating capital	-	None	-	295,424,798	413,594,717	
6	Garuda International Limited	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Other receivables	Yes	1,523,000	1,523,000	-	-	Short-term financing	-	Operating capital	-	None	-	7,676,776	10,747,487	
6	Garuda International Limited	Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Other receivables	Yes	1,523,000	1,523,000	-	-	Short-term financing	-	Operating capital	-	None	-	7,676,776	10,747,487	

No.	Creditor	Borrower	General Ledger Account	Related Party (Y/N)	Maximum Outstanding Balance for the Period (Note 5)	Balance at June 30, 2018 (Note 6)	Actual Amount Drawn down	Interest Rate	Nature of Loan	Amount of Transaction	Reason for Short-term Financing	Allowance for Bad Debts	Collateral Item	Collateral Value	Limit on Loans to a Single Party (Notes 3 and 4)	Ceiling on Total Loans Granted (Notes 1 and 4)	Note
7	Avary Holding (Shenzhen) Co., Ltd.	Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Other receivables	Yes	$ 3,679,568	$ 3,679,568	$ 1,282,975	1.80%~ 4.79%	Short-term financing	$ -	Operating capital	$ -	None	$ -	$ 277,839,891	$ 388,975,848	
7	Avary Holding (Shenzhen) Co., Ltd.	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	18,397,840	18,397,840	5,721,729	1.50%~ 4.35%	Short-term financing	-	Operating capital	-	None	-	277,839,891	388,975,848	
7	Avary Holding (Shenzhen) Co., Ltd.	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Other receivables	Yes	5,519,352	5,519,352	2,067,436	1.73%~ 4.79%	Short-term financing	-	Operating capital	-	None	-	277,839,891	388,975,848	
7	Avary Holding (Shenzhen) Co., Ltd.	Fubo Industry (Shenzhen) Co., Ltd.	Other receivables	Yes	919,892	919,892	381,755	4.35%	Short-term financing	-	Operating capital	-	None	-	277,839,891	388,975,848	
7	Avary Holding (Shenzhen) Co., Ltd.	Qingding Precision Electronics (Huai'an) Co., Ltd.	Other receivables	Yes	11,498,650	11,498,650	2,566,499	4.35%	Short-term financing	-	Operating capital	-	None	-	277,839,891	388,975,848	
7	Avary Holding (Shenzhen) Co., Ltd.	Yuding Precision Electronics (Huai'an) Co., Ltd.	Other receivables	Yes	2,299,730	2,299,730	830,203	4.35%~ 4.79%	Short-term financing	-	Operating capital	-	None	-	277,839,891	388,975,848	
7	Avary Holding (Shenzhen) Co., Ltd.	Kuisheng Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	367,957	367,957	-	-	Short-term financing	-	Operating capital	-	None	-	277,839,891	388,975,848	

Note 1: The total loans made by the Company and its subsidiaries to others should be less than 50% of the net worth of the lender stated in the latest CPA-audited or reviewed consolidated financial statements.

Note 2: For companies or firms having business dealings with the Company, the loans made to each company or firm should be less than the amount of purchases or sales, whichever is higher, as of lending in the past year or for the period, and should be less than 10% of the net worth of the Company stated in the latest CPA-audited or reviewed financial statements.

Note 3: For companies or firms requiring short-term financing, the loans made to each company or firm should be less than 40% of the net worth of the Company stated in the latest CPA-audited or reviewed financial statements.

Note 4: When loans are made between overseas subsidiaries of which the Company holds, directly or indirectly, 100% voting shares for necessary financing, they are not subject to 40% of the net worth of the lender. When loans are made between foreign subsidiaries of which the Company holds, directly or indirectly, 100% voting shares for necessary financing, the total loans should be limited to 100% of the net worth of each subsidiary stated in the latest CPA-audited or reviewed financial statements. When loans are made between foreign subsidiaries of which the Company holds, directly or indirectly, 100% voting shares for necessary financing, the loans made to a subsidiary should be limited to 5% of the net worth of the lender stated in the latest CPA-audited or reviewed financial statements.

Note 5: Maximum balance of loans to others as of the balance sheet date.

Note 6: Limit on loans to the borrower as resolved by the Board of Directors.

Zhen Ding Technology Holding Limited and Subsidiaries
Holding of Marketable Securities at the End of the Period (excluding Subsidiaries, Associates and Joint Ventures)
June 30, 2018

Appendix 2

Expressed in Thousands of New Taiwan Dollars
(Unless otherwise specified)

Holding Company	Type and Name of Marketable Securities (Note 1)	Relationship with Securities Issuer (Note 2)	General Ledger Account	As of June 30, 2018 Number of Shares	Carrying Amount (Note 3)	Ownership (%)	Fair Value	Note (Note 4)
Zhen Ding Technology Co., Ltd.	SynPower Co., Ltd.	None	Financial assets at fair value through other comprehensive income	2,200	$ 79,555	9.02%	$ 79,555	
The Company	BOND OF BABA	None	Financial assets at amortized cost	-	30,615	-	30,226	
The Company	HUAHK	None	Financial assets at amortized cost	-	92,383	-	83,168	
The Company	HACOMM	None	Financial assets at amortized cost	-	30,926	-	28,481	
The Company	Guangzhou Industry Investment Fund	None	Financial assets at amortized cost	-	122,084	-	120,953	

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

Note 2: If the securities issuer is not a related party, the field may be left blank.

Note 3: For securities measured at fair value, the carrying amount should be the balance after the adjustment of fair value valuation and the deduction of accumulative impairment. For securities not measured at fair value, the carrying amount should be the balance of original acquisition cost or amortized cost less accumulated impairment.

Note 4: If securities are provided for guarantee, pledged for loans or limited for use under other agreements, the number of shares guaranteed or pledged, the amount of guarantee or pledge or the limitation for use should be indicated in the note.

Zhen Ding Technology Holding Limited and Subsidiaries
Acquisition or Sale of the Same Securities with the Accumulated Cost Reaching NT$300 Million or 20% of Paid-in capital or More
From January 1 to June 30, 2018

Appendix 3

Unit: Thousand dollars in foreign currency

Buyer/ Seller	Type and Name of Marketable Securities (Note 1)	General Ledger Account	Counterparty (Note 2)	Relationship with Buyer/Seller (Note 2)	The beginning of the period		Acquisition (Note 3)		Sell (Note 3)				The end of the period	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Cost of Book Value	Gain or Loss on Disposal	Number of Shares	Amount
Avary Holding (Shenzhen) Co., Ltd.	RMB open-end wealth management products	Financial assets at amortized cost	Bank of China	None	-	RMB -	-	RMB700,000	-	RMB 600,942	RMB 600,000	Note 4	-	RMB100,000
The Company	FuYi Excellence Pilot Revenue Note 2018-1 Series	Financial assets at amortized cost	FuYi Asset-Backed Notes Independent Portfolio Company	None	-	USD -	-	USD30,000	-	-	-	-	-	USD30,000
The Company	FuYi Advantage Revenue Note 2018-1 Series	Financial assets at amortized cost	FuYi Asset-Backed Notes Independent Portfolio Company	None	-	USD -	-	USD30,000	-	-	-	-	-	USD30,000

Note 1: The securities in this appendix refer to stocks, bonds, beneficiary certificates and securities derived therefrom.

Note 2: For securities recognized using equity method, the two fields must be filled in.

Note 3: The acquisition or sale of the same securities should be calculated separately at the market price as to whether the accumulated cost reaches NT$300 million or 20% of paid-in capital or more.

Note 4: The gain on disposal of financial assets at amortized cost at maturity is accounted for as interest revenue.

Note 5: Paid-in capital refers to the parent's paid-in capital.

Zhen Ding Technology Holding Limited and Subsidiaries
Purchase or Sale of Goods from or to Related Parties Reaching NT$100 Million or 20% of Paid-in Capital or More
From January 1 to June 30, 2018

Appendix 4

Expressed in Thousands of New Taiwan Dollars
(Unless otherwise specified)

			Transaction				Differences in Transaction Terms Compared to Third Party Transactions		Notes and Accounts Receivable (Payable)		
Purchaser/Seller	Related Party	Relationship	Purchase (sale)	Amount	Percentage of Total Purchase (Sale)	Credit Term	Unit Price	Credit Term	Balance	Percentage of Total Notes/Accounts Receivable (Payable)	Note
Avary Holding (Shenzhen) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	$ 15,845,682	75	60 days from the date of shipment	Note 2	Note 2	$ 4,788,259	53	
Avary Holding (Shenzhen) Co., Ltd.	Garuda Technology Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	4,322,267	21	60 days from the date of shipment	Note 2	Note 2	3,456,075	38	
Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	376,339	39	60 days from the date of shipment	Note 2	Note 2	231,799	43	
Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	563,991	59	60 days from the date of shipment	Note 2	Note 2	294,948	54	
Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	10,712,801	90	60 days from the date of shipment	Note 2	Note 2	3,982,262	90	
Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	1,145,773	10	90 days from the invoice date	Note 2	Note 2	418,956	9	
Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	1,494,263	95	30 days	Note 2	Note 2	499,991	93	
Qingding Precision Electronics (Huai'an) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	8,767,339	98	60 days from the date of shipment	Note 2	Note 2	1,575,431	91	

Purchaser/Seller	Related Party	Relationship	Transaction: Purchase (sale)	Transaction: Amount	Transaction: Percentage of Total Purchase (Sale)	Transaction: Credit Term	Differences in Transaction Terms Compared to Third Party Transactions: Unit Price	Differences in Transaction Terms Compared to Third Party Transactions: Credit Term	Notes and Accounts Receivable (Payable): Balance	Notes and Accounts Receivable (Payable): Percentage of Total Notes/Accounts Receivable (Payable)	Note
Qiding Technology Qinhuangdao Co., Ltd.	Henley International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	$ 352,859	54	60 days from the date of acceptance	Note 2	Note 2	$ 108,446	24	
Kuisheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	709,198	100	60 days from the date of acceptance	Note 2	Note 2	299,963	100	
Henley International Limited	Zhen Ding Technology Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	363,603	100	90 days from the month following the date of shipment	Note 2	Note 2	110,455	100	
Garuda International Limited	Avary Holding (Shenzhen) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	2,844,748	7	90 days from the month following the date of shipment	Note 2	Note 2	2,498,704	15	
Garuda International Limited	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	319,239	1	90 days from the month following the date of shipment	Note 2	Note 2	233,665	1	
Garuda International Limited	Qingding Precision Electronics (Huai'an) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	Sales	1,588,338	4	90 days from the month following the date of shipment	Note 2	Note 2	1,667,701	10	
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	The counterparty of the invested company is a subsidiary of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	2,630,631	6	90 days from the month following the date of shipment	Note 2	Note 2	1,475,834	9	
Garuda International Limited	Interface Technology (ChengDu) Co., Ltd.	The counterparty of the invested company is an invested company valuated by Hon Hai Precision Industry Co., Ltd. using the equity method	Sales	546,092	1	60 days from the month following the date of shipment	Note 2	Note 2	185,889	1	

Note 1: The corresponding related party transactions are not disclosed.

Note 2: Except for transactions where similar circumstances are unavailable and whose trading conditions are determined by both parties, the credit term is under the general trading conditions.

Note 3: Advance on sales.

Zhen Ding Technology Holding Limited and Subsidiaries
Receivables from Related Parties Reaching NT$100 Million or 20% of Paid-in Capital or More
June 30, 2018

Appendix 5

Expressed in Thousands of New Taiwan Dollars
(Unless otherwise specified)

Creditor	Counterparty	Relationship with the counterparty	Balance of Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amount Collected Subsequent to the Balance Sheet Date	Allowance for Bad Debts
					Amount	Action Taken		
Avary Holding (Shenzhen) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	$ 4,788,259	2	$ -	-	$ -	$ -
Avary Holding (Shenzhen) Co., Ltd.	Garuda Technology Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	3,456,075	1	-	-	-	-
Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	231,799	2	-	-	-	-
Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	294,948	3	-	-	-	-
Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	3,982,262	2	-	-	-	-
Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	418,956	2	-	-	-	-
Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	499,991	3	-	-	-	-
Qingding Precision Electronics (Huai'an) Co., Ltd.	Garuda International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	1,575,431	2	-	-	-	-
Qiding Technology Qinhuangdao Co., Ltd.	Henley International Limited	The invested company and its trading partners are subsidiaries invested by the Company indirectly	108,446	3	-	-	-	-
Henley International Limited	Zhen Ding Technology Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	110,455	3				
Kuisheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	299,963	2	-	-	-	-

Creditor	Counterparty	Relationship with the counterparty	Balance of Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amount Collected Subsequent to the Balance Sheet Date	Allowance for Bad Debts
					Amount	Action Taken		
Garuda International Limited	Avary Holding (Shenzhen) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	$ 2,498,704	1	$ -	-	$ -	$ -
Garuda International Limited	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	233,665	1	-	-	-	-
Garuda International Limited	Qingding Precision Electronics (Huai'an) Co., Ltd.	The invested company and its trading partners are subsidiaries invested by the Company indirectly	1,667,701	2	-	-	-	-
Garuda International Limited	Foxconn (FarEast) and its subsidiaries	The counterparty of the invested company is a subsidiary of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	1,475,834	2	-	-	-	-
Garuda International Limited	Interface Technology (ChengDu) Co., Ltd.	The counterparty of the invested company is an invested company valuated by Hon Hai Precision Industry Co., Ltd. using the equity method	185,889	4	-	-	-	-

For receivables from related parties arising from loans reaching NT$100 million or 20% of paid-in capital or more, please refer to Appendix 1.

Zhen Ding Technology Holding Limited and Subsidiaries
Significant Inter-company Transactions during the Reporting Periods
From January 1 to June 30, 2018

Appendix 6

Expressed in Thousands of New Taiwan Dollars
(Unless otherwise specified)

No. (Note 1)	Company Name	Counterparty	Relationship with Counterparty (Note 2)	Transaction: General Ledger Account	Transaction: Amount (Note 3)	Transaction: Transaction Terms	Transaction: Percentage of Consolidated Total Revenue or Total Assets (Note 4)
0	The Company	Qiding Technology Qinhuangdao Co., Ltd.	1	Other receivables	$ 304,600	Note 5	-
1	Mayco Industrial Limited	The Company	2	Other receivables	974,720	"	1
2	Pacific Fair International Limited	The Company	2	Other receivables	2,397,202	"	2
3	Pacific Stand Enterprises Limited	Monterey Park Finance Limited	3	Other receivables	673,746	"	1
4	Monterey Park Finance Limited	Qiding Technology Qinhuangdao Co., Ltd.	3	Other receivables	609,200	"	1
5	Avary Holding (Shenzhen) Co., Ltd.	Fubo Industry (Shenzhen) Co., Ltd.	3	Other receivables	381,755	"	-
5	Avary Holding (Shenzhen) Co., Ltd.	Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	3	Other receivables	1,282,975	"	1
5	Avary Holding (Shenzhen) Co., Ltd.	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Other receivables	5,721,729	"	5
5	Avary Holding (Shenzhen) Co., Ltd.	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	3	Other receivables	2,067,436	"	2
5	Avary Holding (Shenzhen) Co., Ltd.	Qingding Precision Electronics (Huai'an) Co., Ltd.	3	Other receivables	2,566,499	"	2
5	Avary Holding (Shenzhen) Co., Ltd.	Yuding Precision Electronics (Huai'an) Co., Ltd.	3	Other receivables	830,203	"	1
5	Avary Holding (Shenzhen) Co., Ltd.	Garuda International Limited	3	Sales	15,845,682	Note 8	36
5	Avary Holding (Shenzhen) Co., Ltd.	Garuda International Limited	3	Accounts receivable	4,788,259	"	4
5	Avary Holding (Shenzhen) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	4,322,267	"	10
5	Avary Holding (Shenzhen) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	3,456,075	"	3
6	Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	3	Sales	376,339	"	1
6	Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	3	Accounts receivable	231,799	"	-
6	Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	3	Sales	563,991	"	1
6	Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	3	Accounts receivable	294,948	"	-

No. (Note 1)	Company Name	Counterparty	Relationship with Counterparty (Note 2)	Transaction			
				General Ledger Account	Amount (Note 3)	Transaction Terms	Percentage of Consolidated Total Revenue or Total Assets (Note 4)
7	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Sales	$ 10,712,801	Note 8	25
7	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda International Limited	3	Accounts receivable	3,982,262	"	3
7	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	1,145,773	Note 11	3
7	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	418,956	"	-
8	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Garuda International Limited	3	Sales	1,494,263	"	3
8	Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Garuda International Limited	3	Accounts receivable	499,991	"	-
9	Qingding Precision Electronics (Huai'an) Co., Ltd.	Garuda International Limited	3	Sales	8,767,339	Note 8	20
9	Qingding Precision Electronics (Huai'an) Co., Ltd.	Garuda International Limited	3	Accounts receivable	1,575,431	Note 8	1
10	Qiding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Sales	352,859	"	1
10	Qiding Technology Qinhuangdao Co., Ltd.	Henley International Limited	3	Accounts receivable	108,446	"	-
11	Kuisheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Ltd.	3	Sales	709,198	"	2
11	Kuisheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Ltd.	3	Accounts receivable	299,963	"	-
12	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Sales	363,603	Note 6	1
12	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	110,455	"	-
13	Garuda International Limited	Avary Holding (Shenzhen) Co., Ltd.	3	Sales	2,844,748	"	7
13	Garuda International Limited	Avary Holding (Shenzhen) Co., Ltd.	3	Accounts receivable	2,498,704	"	2
13	Garuda International Limited	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Sales	319,239	"	1
13	Garuda International Limited	Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Accounts receivable	233,665	"	-
13	Garuda International Limited	Qingding Precision Electronics (Huai'an) Co., Ltd.	3	Sales	1,588,338	"	4
13	Garuda International Limited	Qingding Precision Electronics (Huai'an) Co., Ltd.	3	Accounts receivable	1,667,701	"	1

Note 1: Information on business contacts between the parent and subsidiaries should be specified in the "No." column as follows:

(1) For the parent, fill in 0.

(2) Subsidiaries are numbered by company type starting from 1 in sequence.

Note 2: The relationship with related parties is categorized into the following three categories. Please specify the category number. (The same transaction shall not be disclosed repetitively. For example, for transactions between the parent and its subsidiaries, if the parent discloses the information, the subsidiaries are exempted from doing so. The same applies to transactions between subsidiaries where only one subsidiary needs to disclose the same transaction:

(1) A parent company to a subsidiary.

(2) A subsidiary to a parent company.

(3) A subsidiary to a subsidiary.

Note 3: Only related party transactions reaching NT$100 million or 20% of paid-in capital or more are disclosed, and the corresponding related party transactions are not disclosed.

Note 4: Regarding the percentage of consolidated total revenue or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for profit or loss items. However, the above related party transactions have been written off on consolidation.

Note 5: Other receivables (payables) belong to loans to others. For the interest rate and limit of loans, please refer to Note 13(1) A.

Note 6: The transaction price is similar to that of a general customer, and the credit term is 90 days from the month following the date of shipment.

Note 7: The transaction price is similar to that of a general customer, and the credit term is 90 days from the date of shipment.

Note 8: The transaction price is similar to that of a general customer, and the credit term is 60 days from the date of shipment.

Note 9: The transaction price is similar to that of a general customer, and the credit term is 30 days from the date of acceptance.

Note 10: The transaction price is similar to that of a general customer, and the credit term is 60 days from the date of acceptance.

Note 11: The transaction price is similar to that of a general customer, and the credit term is 90 days from the invoice date.

Note 12: The transaction price is similar to that of a general customer, and the credit term is advance on sales.

Zhen Ding Technology Holding Limited and Subsidiaries
Names, Locations and Other Information on Investees (excluding Invested Companies in Mainland China)
From January 1 to June 30, 2018

Appendix 7

Expressed in Thousands of New Taiwan Dollars
(Unless otherwise specified)

Investor	Investee	Location	Main Business Activities	Initial Investment Amount: Balance as at June 30, 2018	Initial Investment Amount: Balance as at December 31, 2017	Shares held as at the end of the period: Number of Shares	Shares held as at the end of the period: Percentage (%)	Shares held as at the end of the period: Carrying Amount	Current profit or loss of the investee company	Investment Profit or Loss	Note
The Company	Monterey Park Finance Limited	British Virgin Islands	Holding company	$ 24,436,535	$ 24,436,535	$ 802,250,000	100	$ 59,084,960	$ 1,368,999	$ 1,368,999	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading company	125,488	125,488	12,548,800	100	3,315,681	(40,997)	(40,997)	
Monterey Park Finance Limited	Pacific Stand Enterprises Limited	Hong Kong	Holding company	913,800	913,800	234,000,000	100	680,753	6,795	6,795	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Holding company	3,130,856	3,130,856	102,785,806	100	48,245,008	1,546,635	1,546,165	
Monterey Park Finance Limited	Light Flash International Limited	British Virgin Islands	Holding company	30,460	30,460	1,000,000	100	260,202	8,005	8,005	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Holding company	8,330,810	8,330,810	2,133,300,000	100	7,382,477	176,871	176,871	
Monterey Park Finance Limited	Henley International Limited	Hong Kong	Trading company	-	-	1	100	5,134	6,130	6,130	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Holding company	36,402,988	36,402,988	9,321,841,932	100	48,188,855	1,546,757	1,546,757	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Holding company	152	152	5,000	100	730,288	495	495	
Avary Holding (Shenzhen) Co., Ltd.	Garuda International Limited	Hong Kong	Trading company	304,600	304,600	78,000,000	81	1,469,438	73,347	288,544	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading company	25,000	25,000	2,500,000	81	(187,449)	(231,167)	(187,041)	

Zhen Ding Technology Holding Limited and Subsidiaries
Information on Investments in Mainland China - Basic Information
From January 1 to June 30, 2018

Appendix 8

Expressed in Thousands of New Taiwan Dollars
(Unless otherwise specified)

Investees Company in Mainland China	Main Business Activities	Paid-in Capital	Investment Method (Note 2)	Aggregate Investment Amount Remitted from Taiwan at the beginning of the period	The amount of investment remitted or recovered during the current period: Outflow	The amount of investment remitted or recovered during the current period: Inflow	Aggregate Investment Amount Remitted from Taiwan at the beginning of the period	Current profit or loss of the investee company	Percentage of Ownership (Direct or Indirect)	Investment Profit or Loss (Note 3)	Carrying Amount of Investment by the end of the period	Accumulated Inward Remittance of Earnings at the end of the period	Note
Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	$ 3,282,643	2	$ -	$ -	$ -	$ -	($ 241,790)	81	($ 195,637)	($ 513,804	$ -	
Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	5,230,634	2	-	-	-	-	912,655	81	735,542	8,200,759	-	
Honghengsheng Electronical Technology (Huai'an) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	4,261,340	2	-	-	-	-	(369,713)	81	(299,141)	(870,549	-	
Chuangxinli Electronics (Huai'an) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	-	2	-	-	-	-	(4,245)	81	(3,435)	-	-	

Investees Company in Mainland China	Main Business Activities	Paid-in Capital	Investment Method (Note 2)	Aggregate Investment Amount Remitted from Taiwan at the beginning of the period	The amount of investment remitted or recovered during the current period: Outflow	The amount of investment remitted or recovered during the current period: Inflow	Aggregate Investment Amount Remitted from Taiwan at the beginning of the period	Current profit or loss of the investee company	Percentage of Ownership (Direct or Indirect)	Investment Profit or Loss (Note 3)	Carrying Amount of Investment by the end of the period	Accumulated Inward Remittance of Earnings at the end of the period	Note
Avary Holding (Shenzhen) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	$ 9,568,200	2	$ -	$ -	$ -	$ -	$ 2,260,447	81	$ 1,828,966	$ 44,960,997	$ -	
Fubo Industry (Shenzhen) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	506,262	2	-	-	-	-	15,767	81	12,757	493,690	-	
Yuding Precision Electronics (Huai'an) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	1,108,194	2	-	-	-	-	(29,123)	81	(23,564)	783,823	-	
Qingding Precision Electronics (Huai'an) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	2,992,068	2	-	-	-	-	(203,037)	81	(50,703)	3,459,064	-	
Qiding Technology Qinhuangdao Co., Ltd.	Design, development, production, sale and wholesale of electronic products and import/export of related goods	1,260,712	2	-	-	-	-	(370,592)	100	(370,592)	1,682,157	-	

Investees Company in Mainland China	Main Business Activities	Paid-in Capital	Investment Method (Note 2)	Aggregate Investment Amount Remitted from Taiwan at the beginning of the period	The amount of investment remitted or recovered during the current period		Aggregate Investment Amount Remitted from Taiwan at the beginning of the period	Current profit or loss of the investee company	Percentage of Ownership (Direct or Indirect)	Investment Profit or Loss (Note 3)	Carrying Amount of Investment by the end of the period	Accumulated Inward Remittance of Earnings at the end of the period	Note
					Outflow	Inflow							
Kuisheng Technology (Shenzhen) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	$ 91,989	2	$ -	$ -	$ -	$ -	$ 5,773	81	$ 4,671	$ 81,565	$ -	
Yunding Technology (Shenzhen) Co., Ltd.	Production and sale of rigid single-layer (double-layer) PCBs, rigid multi-layer PCBs, flexible multi-layer PCBs and other PCBs	22,997	2	-	-	-	-	(257)	81	(208)	18,029	-	

Note 1: The amounts in this appendix are shown in New Taiwan Dollars. For investments denominated in foreign currencies, they have been converted into NTD at the exchange rate on the reporting date.

Note 2: The investment methods are divided into the following three categories:

(1) Direct investment in mainland China.

(2) Indirect investment in mainland China through Monterey Park Finance Limited (B.V.I) in a third region.

(3) Others.

Note 3: Investment profit or loss is recognized in the CPA-reviewed financial statements of the invested company in China for the same period.