ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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.

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of Zhen Ding Technology Holding Limited and its subsidiaries (the 'Group') as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the 'Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants' and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the consolidated financial statements of the Group for the year ended December 31, 2018 were as follows:

Cutoff of hub warehouse sales revenue

Description

Refer to Note 4(27) for accounting policies on revenue recognition.

The Group recognises revenue when the goods are directly shipped from factories and when customers accept the goods (the transfer of control) if picked up from hub warehouses. For pick-ups from hub warehouses, the Group recognises sales revenue based on movements of inventory records contained in the statements or other information provided by the warehouse custodians. The hub warehouses are located around the world with numerous warehouse custodians, the frequency and contents of statements provided by custodians are different, and the process of revenue recognition may involve manual procedures. These factors may potentially result in inaccurate timing of sales revenue recognition.

As there are numerous daily sales transactions from hub warehouses and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, we consider the cutoff of hub warehouse sales revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Assessed and tested internal controls over regular record verification between the Group and customers.

B. Assessed and checked the appropriateness of cutoff of sales revenue prior to or after the balance sheet date, and verified the statements provided by the hub warehouse custodians.

C. Performed confirmation of the storage quantities or observed physical counts in warehouse, compared against inventory records, and determined whether differences, if any, are properly adjusted.

Estimation of allowance for inventory valuation losses

Description

Refer to Note 4(14) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(5) for details of inventory. As of December 31, 2018, the Group's inventory cost and allowance for valuation losses were NT$10,715,051 thousand and NT$631,169 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of printed circuit board. Due to rapid technological innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due to market value decline or obsolescence. The Group measures inventories at the lower of cost and net realisable value and recognises the allowance for inventory valuation losses based on the inventories over normal age and those individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories are numerous, and the estimation of net realisable value for individually obsolete or damaged inventories are subject to judgement, we consider the estimation of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the estimation of allowance for inventory valuation losses:

A. Assessed the reasonableness of accounting policy on allowance for inventory valuation losses and checked whether it has been consistently applied.

B. Checked whether the logic in calculating inventory aging report was appropriate and confirmed whether inventory over normal age has been included in the aging report.

C. Assessed the reasonableness of individually obsolete or damaged inventory identified by the Group against related supporting documents, reviewed scrap inventory before and after the balance sheet date, and verified the information obtained from physical count.

D. For net realisable value of inventories over normal age and those individually identified as obsolete and damaged inventory, discussed with the Group, obtained supporting documents and reviewed calculation of inventory loss.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsu, Yung-Chien   Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan
March 29, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 40,652,973	29	$ 19,147,388	15
1110	Current financial assets at fair value through profit or loss	6(2)	3,437	-	7,935	-
1136	Current financial assets at amortised cost	6(7)	8,778,797	6	-	-
1170	Accounts receivable, net	6(3)	21,631,860	15	28,480,474	23
1180	Accounts receivable due from related parties, net	6(3) and 7	2,644,519	2	2,138,685	2
1200	Other receivables	6(4)	855,783	1	2,786,315	2
130X	Inventories	6(5)	10,083,882	7	11,259,382	9
1410	Prepayments	6(4)	3,673,318	3	3,088,106	3
1470	Other current assets	6(6)	569,634	-	14,459,785	12
11XX	**Total current assets**		88,894,203	63	81,368,070	66
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(9)	52,473	-	-	-
1527	Non-current held-to-maturity financial assets	6(8)	-	-	151,064	-
1543	Non-current financial assets at cost	6(10)	-	-	120,992	-
1600	Property, plant and equipment	6(11)	41,913,166	30	36,681,453	30
1780	Intangible assets	6(12)	91,721	-	88,854	-
1840	Deferred income tax assets	6(29)	1,024,491	1	825,911	1
1990	Other non-current assets	6(13)	8,131,099	6	4,480,169	3
15XX	**Total non-current assets**		51,212,950	37	42,348,443	34
1XXX	**Total assets**		$ 140,107,153	100	$ 123,716,513	100

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14)	$ 9,184,066	7	$ 15,791,085	13
2170	Accounts payable		17,056,824	12	22,503,648	18
2180	Accounts payable to related parties	7	1,022,641	1	704,783	-
2200	Other payables	6(15)	13,346,522	9	10,331,671	8
2230	Current income tax liabilities		2,391,519	2	1,268,536	1
2320	Long-term liabilities, current portion	6(16)(17)	8,699,319	6	4,457,881	4
2399	Other current liabilities		134,168	-	123,505	-
21XX	**Total current liabilities**		51,835,059	37	55,181,109	44
	Non-current liabilities					
2530	Bonds payable	6(16)	-	-	8,242,274	7
2540	Long-term borrowings	6(17)	9,194,880	6	4,457,881	4
2570	Deferred income tax liabilities	6(29)	857,644	1	423,207	-
2645	Guarantee deposits received		110,990	-	150,723	-
25XX	**Total non-current liabilities**		10,163,514	7	13,274,085	11
2XXX	**Total liabilities**		61,998,573	44	68,455,194	55
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(20)				
3110	Ordinary share		8,047,484	6	8,047,484	7
	Capital surplus	6(21)				
3200	Capital surplus		22,000,657	16	14,851,298	12
	Retained earnings	6(22)				
3310	Legal reserve		3,505,859	2	2,988,615	2
3320	Special reserve		1,717,913	1	1,688,354	1
3350	Unappropriated retained earnings		23,731,600	17	18,486,196	15
	Other equity interest	6(23)				
3400	Other equity interest		(2,948,306)	(2)	(1,717,913)	(1)
31XX	**Total equity attributable to owners of parent**		56,055,207	40	44,344,034	36
36XX	**Non-controlling interest**	6(31)	22,053,373	16	10,917,285	9
3XXX	**Total equity**		78,108,580	56	55,261,319	45
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 140,107,153	100	$ 123,716,513	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
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

	Items	Notes	For the years ended December 31, 2018 AMOUNT	%	2017 AMOUNT	%
4000	**Operating revenue**	7 and 14	$ 117,912,881	100	$ 109,237,731	100
5000	**Operating costs**	6(5) and 7	(91,851,933)	(78)	(91,404,296)	(84)
5950	**Gross profit from operations**		26,060,948	22	17,833,435	16
	Operating expenses	6(24)				
6100	Selling expenses		(1,490,569)	(1)	(1,234,196)	(1)
6200	Administrative expenses		(4,075,331)	(3)	(3,216,909)	(3)
6300	Research and development expenses		(5,637,557)	(5)	(4,725,194)	(4)
6450	Expected credit loss in accordance with IFRS 9		(11,873)	-	-	-
6000	**Total operating expenses**		(11,215,330)	(9)	(9,176,299)	(8)
6900	**Net operating income**		14,845,618	13	8,657,136	8
	Non-operating income and expenses					
7010	Other income	6(26)	1,668,596	2	1,257,792	1
7020	Other gains and losses	6(27)	(921,381)	(1)	(651,933)	-
7050	Finance costs	6(28)	(926,271)	(1)	(769,105)	(1)
7000	**Total non-operating income and expenses**		(179,056)	-	(163,246)	-
7900	**Profit before income tax**		14,666,562	13	8,493,890	8
7950	Income tax expense	6(29)	(3,130,067)	(3)	(1,722,107)	(2)
8200	**Profit**		$ 11,536,495	10	$ 6,771,783	6

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

	Items	Notes	2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain on remeasurements of defined benefit plans		$ 345	-	$ 6,801	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income		(68,671)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(260)	-	(1,156)	-
8310	**Other comprehensive income that will not be reclassified to profit or loss**		(68,586)	-	5,645	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		(1,417,114)	(1)	223,516	-
8362	Unrealised gains on valuation of available-for-sale financial assets		-	-	5,014	-
8360	**Other comprehensive (loss) income that will be reclassified to profit or loss**		(1,417,114)	(1)	228,530	-
8300	**Other comprehensive (loss) income**		($ 1,485,700)	(1)	$ 234,175	-
8500	**Total comprehensive income**		$ 10,050,795	9	$ 7,005,958	6
	Profit attributable to:					
8610	Owners of the parent		$ 8,447,792	7	$ 5,172,436	5
8620	Non-controlling interests		$ 3,088,703	3	$ 1,599,347	1
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 7,217,484	7	$ 5,148,524	4
8720	Non-controlling interests		$ 2,833,311	2	$ 1,857,434	2
	Earnings per share					
9750	**Basic earnings per share**	6(30)	$ 10.50		$ 6.43	
9850	**Diluted earnings per share**	6(30)	$ 9.54		$ 5.95	

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
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

		Equity attributable to owners of the parent										
				Retained Earnings			Other Equity Interest					
	Notes	Ordinary shares	Capital surplus-additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gains or losses on available-for-sale financial assets	Total	Non-controlling interest	Total equity
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
Profit for the year		-	-	-	-	5,172,436	-	-	-	5,172,436	1,599,347	6,771,783
Other comprehensive income (loss) for the year		-	-	-	-	5,645	(34,571)	-	5,014	(23,912)	258,087	234,175
Total comprehensive income		-	-	-	-	5,178,081	(34,571)	-	5,014	5,148,524	1,857,434	7,005,958
Appropriations and distribution of retained earnings												
General reserve		-	-	345,619	-	(345,619)	-	-	-	-	-	-
Special reserve		-	-	-	1,688,354	(1,688,354)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,770,446)	-	-	-	(1,770,446)	-	(1,770,446)
Compensation cost of employee restricted stock	6(19)	-	70,767	-	-	-	-	-	-	70,767	13,142	83,909
Changes in non-controlling interests	6(31)	-	2,837,841	-	-	(173,009)	-	-	-	2,664,832	9,046,709	11,711,541
Balance at December 31, 2017		$ 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
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
Profit for the year		-	-	-	-	8,447,792	-	-	-	8,447,792	3,088,703	11,536,495
Other comprehensive income (loss) for the year	6(23)	-	-	-	-	85	(1,161,722)	(68,671)	-	(1,230,308)	(255,392)	(1,485,700)
Total comprehensive income		-	-	-	-	8,447,877	(1,161,722)	(68,671)	-	7,217,484	2,833,311	10,050,795
Appropriations and distribution of retained earnings												
General reserve		-	-	517,244	-	(517,244)	-	-	-	-	-	-
Special reserve		-	-	-	29,559	(29,559)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(2,655,670)	-	-	-	(2,655,670)	-	(2,655,670)
Compensation cost of employee restricted stock	6(19)	-	96,645	-	-	-	-	-	-	96,645	28,151	124,796
Changes in non-controlling interests-distribution of retained earnings by subsidiaries		-	-	-	-	-	-	-	-	-	(827,540)	(827,540)
Changes in non-controlling interests-issuance of common stock by subsidiaries	6(31)	-	7,052,714	-	-	-	-	-	-	7,052,714	9,102,166	16,154,880
Balance at December 31, 2018		$ 8,047,484	$ 22,000,657	$ 3,505,859	$ 1,717,913	$ 23,731,600	($ 2,879,635)	($ 68,671)	$ -	$ 56,055,207	$ 22,053,373	$ 78,108,580

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 14,666,562	$ 8,493,890
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	6,739,651	5,602,547
Amortisation expense	6(24)	80,090	76,687
Expected credit loss	12	11,873	-
Provision for bad debts expense		-	32,859
Losses on disposal of property, plant and equipment	6(27)	165,887	27,353
Impairment losses on property, plant and equipment	6(11)	745,571	555,441
Rental expense - long-term prepaid rents	6(13)	158,965	27,849
Interest income	6(26)	(1,060,710)	(762,819)
Interest expense	6(28)	926,271	769,105
Losses on disposal of land use right		-	(17,719)
Gains on disposal of investments	6(27)	-	(9,155)
Share-based payment	6(19)	124,796	83,909
Dividend income		(2,643)	(15,400)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		4,498	(7,935)
Notes receivable		31,447	(10,488)
Accounts receivable		7,378,839	(12,389,453)
Accounts receivable due from related parties		(437,064)	(510,239)
Other receivables		1,831,287	(846,982)
Inventories		1,247,962	(4,375,940)
Prepayments		(663,397)	(990,673)
Other current assets		(270,118)	38,730
Changes in operating liabilities			
Accounts payable		(5,057,452)	6,988,065
Accounts payable to related parties		339,588	11,894
Other payables		1,685,015	1,268,316
Other current liabilities		13,574	58,810
Cash inflow generated from operations		28,660,492	4,098,652
Income tax paid		(1,760,171)	(1,888,378)
Net cash flows from operating activities		26,900,321	2,210,274

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ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from repayment of financial assets at amortised cost		$ 5,675,521	$ -
Increase in other financial assets		-	(5,775,626)
Acquisition of held-to-maturity financial assets		-	(275,830)
Proceeds from disposal of held-to-maturity financial assets		-	152,944
Proceeds from disposal of available-for-sale financial assets		-	103,842
Proceeds from disposal of other financial assets		-	282,172
Acquisition of property, plant and equipment	6(32)	(12,625,121)	(9,607,740)
Proceeds from disposal of property, plant and equipment		59,869	533,277
Acquisition of land use right (long-term prepaid rents)	6(32)	(3,598,949)	(3,139,590)
Proceeds from disposal of land use right (long-term prepaid rents)		5,226	-
Increase in other non-current assets		(198,350)	(162,158)
Decrease (increase) in refundable deposits		5,482	(24,618)
Interest received		1,146,823	641,008
Dividends received		2,643	15,400
Net cash flows used in investing activities		(9,526,856)	(17,256,919)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(6,584,316)	3,776,432
Proceeds from long-term borrowings		-	991,530
Repayments of long-term borrowings		-	(979,590)
Cash dividends paid	6(22)	(2,655,670)	(1,770,446)
Interest paid		(667,178)	(570,290)
Repayments of convertible bonds		-	(471,901)
(Increase) decrease in guarantee deposits received		(10,399)	110,388
Syndicated loan arrangement fee paid		(22,898)	-
Changes in non-controlling interests-issuance of common stock by subsidiaries	6(31)	16,154,880	11,711,541
Changes in non-controlling interests-distribution of retained earnings by subsidiaries		(827,540)	-
Net cash flows from financing activities		5,386,879	12,797,664
Effect of exchange rate changes on cash and cash equivalents		(1,254,759)	(21,194)
Net increase (decrease) in cash and cash equivalents		21,505,585	(2,270,175)
Cash and cash equivalents at beginning of year		19,147,388	21,417,563
Cash and cash equivalents at end of year		$ 40,652,973	$ 19,147,388

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Zhen Ding Technology Holding Limited (the ‘Company’, formerly named as Foxconn Advanced Technology Limited) was incorporated in the Cayman Islands in June 2006. According to the resolution of the Board of Directors in May 2011, the Company was renamed to Zhen Ding Technology Holding Limited and related registration was completed in July 2011. The registration address is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands. The Company and its subsidiaries (collectively referred herein as the ‘Group’) are engaged in manufacturing and selling printed circuit board (the ‘PCB’). The Company has been listed on the Taiwan Stock Exchange since December 26, 2011.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 29, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (‘FSC’) (collectively referred herein as the ‘IFRSs’).

New, Revised or Amended Standards and interpretations endorsed by FSC effective from 2018 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’	January 1, 2018
Amendments to IFRS 4, ‘Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts’	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
Amendments to IFRS 15, ‘Clarifications to IFRS 15, Revenue from contracts with customers’	January 1, 2018

New, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendments to IAS 7, ‘Disclosure initiative’	January 1, 2017
Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealised losses’	January 1, 2017
Amendments 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 - Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

The impact of the above standards and interpretations on the Group’s financial position and financial performance based on the Group’s assessment is listed below:

IFRS 9, ‘Financial instruments’

A. According to the entity’s business model and the contractual cash flow characteristics of the financial assets, the debt instruments of the financial assets would be classified as a financial asset at fair value through profit or loss, a financial asset measured at fair value through other comprehensive income or a financial asset at amortised cost. The equity instruments of the financial assets would be classified as a financial asset at fair value through profit or loss, unless the entity makes an irrevocable election to present subsequent changes in the fair value of the investments in equity instruments not held for trading in other comprehensive income.

B. The impairment losses of debt instruments at each balance sheet date shall use an expected credit loss approach to assess whether there has been a significant increase in credit risk on that financial instrument since initial recognition, and recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue calculated on the gross carrying amount of the asset before impairment losses occurred). If the instrument has objective evidence of impairment, interest revenue would be calculated on net carrying amount of credit allowance after the impairment. The Group shall measure the loss allowance for trade receivables (excluding significant financing component) at an amount equal to lifetime expected credit losses.

C. The Group has elected not to restate prior-period financial statements (collectively referred herein as the ‘modified retrospective transition’) under IFRS 9. For details of the effect at January 1, 2018, please refer to Notes 12(4).

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

New, Revised or Amended Standards and interpretations endorsed by the FSC effective from 2019 are as follows:

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment. The quantitative impact will be disclosed once the assessment is complete.

IFRS 16, 'Leases'

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

The Group expects to recognise the lease contract of lessees in accordance with IFRS 16. However, the Group does not intend to restate the prior period financial statements (referred herein as the 'modified retrospective transition'). At January 1, 2019, it is expected that right-of-use asset and lease liability will be increased by $8,058,382(including the reclassification of long-term prepaid rents of $7,727,595) and $623,563(including the reclassification of payable on land use right of $292,776), respectively

(3) IFRSs issued by International Accounting Standard Board ('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, Revised or Amended Standards and Interpretations	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
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 above standards and interpretations have no significant impact to the Group's financial position and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as stated otherwise, the principal accounting policies applied in the preparation of theses consolidated financial statements 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', International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Available-for-sale financial assets measured at fair value.

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

B. The preparation of financial statements in conformity with 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 items involving a higher degree of judgement or complexity, or items where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. Upon the first-time adoption of IFRS 9 effective January 1, 2018, the Group has elected to apply modified retrospective transition whereby the cumulative impact of the first-time adoption was recognised as retained earnings or other equity as at January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in accordance with International Accounting Standard 39 (the 'IAS 39') and the related IFRIC Interpretations and SIC Interpretations. Please refer to Notes 12(4) for details of 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 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 unrealised 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)The profit or loss and each component of other comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, and total comprehensive income shall also be 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 are equity transactions (i.e. transactions with owners in their capacity as owners). It shall be recognised directly in equity and difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
The Company	Zhen Ding Technology Co., Ltd.	Trading company	100	100	
The Company	Monterey Park Finance Limited (B.V.I.)	Holding company	100	100	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited (Cayman)	Holding company	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Stand Enterprises Limited (Hongkong)	Holding company	100	100	(c)
Monterey Park Finance Limited (B.V.I.)	Coppertone Enterprises Limited (B.V.I.)	Holding company	100	100	
Monterey Park Finance Limited (B.V.I.)	Pacific Fair International Limited (Hongkong)	Holding company	100	100	
Monterey Park Finance Limited (B.V.I.)	Light Flash International Limited (B.V.I.)	Holding company	-	100	(b)
Monterey Park Finance Limited (B.V.I.)	Henley International Limited (Hongkong)	Trading company	100	100	
Monterey Park Finance Limited (B.V.I.)	Qi Ding Technology Qinhuangdao Co., Ltd.	Manufacturing company	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Coppertone Enterprises Limited (B.V.I.)	Mayco Industrial Limited (Hongkong)	Holding company	100	100	
Mayco Industrial Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	66.38	73.75	(d)
Pacific Fair International Limited (Hongkong)	Avary Holding (Shenzhen) Co., Limited	Manufacturing company	6.44	7.16	(d)
Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacturing company	100	100	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited (Hongkong)	Trading company	100	100	
Avary Holding (Shenzhen) Co., Limited	Yun Ding Technology (Shenzhen) Limited	Trading company	100	100	
Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Trading company	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
Garuda International Limited (Hongkong)	Garuda Technology Co., Ltd.	Trading company	100	100	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	New Creation Electronics (Huaian) Co., Ltd.	Manufacturing company	-	100	(a)

(a) The Group has restructured the investment structure. New Creation Electronics (Huaian) Co., Ltd. has completed the winding-up process in the second quarter of 2018.

(b) The Group has restructured the investment structure. Light Flash International Limited (B.V.I.) has completed the winding-up process in the third quarter of 2018.

(c) The Group has restructured the investment structure. Pacific Stand Enterprises Limited (Hongkong) was in the winding-up process in the fourth quarter of 2018.

(d) Mayco Industrial Limited (Hongkong) and Pacific Fair International Limited (Hongkong) did not subscribe for the issuance of common stock by Avary Holding (Shenzhen) Co., Limited in percentage of their ownership ratios in 2018, thus their ownership ratios became 66.38% and 6.44%, respectively.

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

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

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2018 and 2017, the non-controlling interests of the Group amounted to $22,053,373 and $10,917,285, respectively. The information on the non-controlling interests and their subsidiaries is as follows:

		Non-controlling interests December 31, 2018		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Description
Avary Holding (Shenzhen) Co., Limited	China	$ 22,053,373	27.18%	

Name of subsidiary	Principal place of business	Non-controlling interests December 31, 2017 Amount	Ownership (%)	Description
Avary Holding (Shenzhen) Co., Limited	China	$ 10,917,285	19.09%	

Summary of the financial information of subsidiaries

The balance sheets of Avary Holding (Shenzhen) Co., Limited

	December 31, 2018	December 31, 2017
Current assets	$ 75,194,305	$ 67,877,432
Non-current assets	48,810,042	39,702,893
Current liabilities	(42,386,256)	(50,170,152)
Non-current liabilities	(478,361)	(216,573)
Total net assets	$ 81,139,730	$ 57,193,600

The statements of comprehensive income of Avary Holding (Shenzhen) Co., Limited

	For the years ended December 31, 2018	2017
Revenue	$ 116,767,739	$ 107,943,237
Profit before income tax	15,933,383	10,300,642
Income tax expense	(2,654,110)	(1,616,484)
Profit	13,279,273	8,684,158
Other comprehensive income (loss), net of tax	103,913	(60,227)
Total comprehensive income	$ 13,383,186	$ 8,623,931
Comprehensive income attributable to non-controlling interests	$ 2,833,311	$ 1,857,434

The statements of cash flows of Avary Holding (Shenzhen) Co., Limited

	For the years ended December 31, 2018	2017
Net cash from operating activities	$ 26,331,686	$ 7,227,832
Net cash used in investing activities	(5,510,626)	(20,886,381)
Net cash from financing activities	5,464,546	12,175,799
Effect of exchange rate changes on cash and cash	(324,619)	(718,416)
Net increase (decrease) in cash and cash equivalents	25,960,987	(2,201,166)
Cash and cash equivalents at beginning of year	9,016,038	11,217,204
Cash and cash equivalents at end of year	$ 34,977,025	$ 9,016,038

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency'). The Company's functional currency is USD; however, the consolidated financial statements are presented in NTD because of 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 recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised 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 recognised 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 recognised 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 the average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

When presenting the Group's functional currency denominated financial statements in NT dollars, the average exchange rates were NT$30.15 (in dollars) to US$1 (in dollar) and NT$30.43 (in dollars) to US$1 (in dollar) for the years ended December 31, 2018 and 2017, respectively; the closing rates were NT$30.72 (in dollars) to US$1 (in dollar) and NT$29.76 (in dollars) to US$1 (in dollar) as of December 31, 2018 and 2017, respectively.

(5) Classification of current and non-current items

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 realised, 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 realised within twelve months from the balance sheet date; or

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off 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 paid off within the normal operating cycle;

(b)Liabilities arising mainly from trading activities;

(c)Liabilities that are to be paid off within twelve months from the balance sheet date; or

(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 definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets measured at amortised cost or fair value through other comprehensive income are designated as the financial assets at fair value through profit or loss at initial recognition by the Group if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

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

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently measured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

D. The Group recognises the dividend income in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

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

A. The Group may make irrevocable election at initial recognition to recognise the changes in fair value in other comprehensive income for the investments in equity instruments that is not held for trading or the investments in debt instruments meet both of the following conditions:

(a) The financial assets held within a business model whose objective is both collecting contractual cash flows and selling financial assets and

(b) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using settlement date accounting.

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

(a) The changes in fair value of equity instruments are recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income shall be recorded to retained earnings and not be reclassified to profit or loss upon the derecognition. Dividends are recognised in profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(b) Except for the impairment losses, interest income and foreign exchange gains or losses which are recognised in profit or loss, the changes in fair value of debt instruments are recognised in other comprehensive income before derecognition. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are meet both of the following conditions:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not meet the condition of cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The 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 measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets containing a significant financing component, lease receivables, loan commitments and financial guarantee contracts, at each balance sheet date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forecasts). On the other hand, the Group recognises the impairment provision for lifetime ECLs for accounts receivable or contract assets containing a significant financing component.

(12) Derecognition of financial assets

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

(13) Leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised 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 realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, 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 capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. 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 and structures	5 ~ 53 years
Machinery and equipment	2 ~ 10 years
Leased assets	20 years
Leasehold improvements	5 years
Other equipment	3 ~ 15 years

(16) Leases (lessee)

Payments under the operating lease, net of any incentives received from the lessors, are recognised in profit or loss on a straight-line basis over the lease term.

(17) Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognised 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 recognising impairment loss for an asset in prior years 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 amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated based on the operating segment 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.

(19) Borrowings

A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-own occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

C. Extension option is not closed related to the host debt instruments, unless the rates are also adjusted close to current market rates when extending.

(20) Accounts payable

A. Accounts payable are the liabilities for purchases of raw materials, goods or services.

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

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged, cancelled, or expired.

(22) Financial liabilities and equity instruments

Convertible corporate bonds issued by the Group are embedded with conversion options (that is, the bondholders have the right to convert the bonds into the Group's ordinary share by exchanging a fixed amount of cash for a fixed number of ordinary share), call options and put options. In accordance with the terms and conditions of the indenture, the Group classifies the convertible corporate bonds and the embedded derivative instruments on initial recognition as a financial asset, a financial liability or an equity instrument (the 'capital surplus-share options'). Convertible corporate bonds are accounted for as follows:

A. The exercise price of call options and put options embedded in the convertible corporate bonds is approximately equal to the amortised cost of the host debt instrument on each exercise date; therefore, call options and put options are closely related to the host debt contract.

B. Call options, put options, and host debt of the convertible corporate bonds are initially recognised at fair value. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond outstanding 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 recognised in the 'capital surplus-share options' at the residual amount of total issue price less amounts of the 'bonds payable' 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 shall be remeasured on the conversion date. The carrying amount of ordinary share issued due to the conversion shall be based on the remeasured carrying amount of the abovementioned liability component plus the carrying amount of the '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 exchange for that service, and shall be recognised as expenses when the employees have rendered service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions shall be recognised as pension expenses when they are due on an accrual basis. Prepaid contributions shall be recognised that excess as an asset to the extent that the prepayment will lead to a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is accrued from the present value of future benefits that employees have earned in return for their services in the current or prior periods. The Group recognised the present value of the defined benefit obligation deducting the fair value of plan assets at the balance sheet date. Net obligation of the defined benefit is calculated annually by independent actuaries using the projected unit credit method and is discounted by using the market yield on government bonds (at the balance sheet date).

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

C. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognised as expenses and liabilities, 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 employees' remuneration (bonus) is distributed by shares, the Group calculates the number of shares based on the fair value per share (closing price) at the previous day of the Board of Directors' 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 at the grant date, and are recognised 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-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the quantity of equity instruments that are expected to vest under the non-market vesting conditions. Ultimately, the amount of compensation cost is recognised based on the number of equity instruments that eventually vest.

B. Employee restricted stocks:

(a) Employee restricted stocks measured at the fair value of the equity instruments at the grant date, and are recognised as compensation cost over the vesting period.

(b) Those restricted stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(c) Employees have to pay to acquire those restricted stocks. If employees resign during the vesting period, the Group must refund their payments in exchange for the restricted stocks return by the employees. The Group recognises the payments to the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments for the employees who are expected to be eventually vested with the stocks in 'capital surplus – others'.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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 Group 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. Different tax regulations are applicable to the Group according to the countries where the companies are registered:

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

(b) For the companies that are registered in the Republic of China, except for income tax that is estimated in accordance with the tax laws, an additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings. When calculating income tax, except for applying the tax laws to calculate regular tax, the basic tax is calculated under the 'Income Basic Tax Act.' If regular tax is lower than basic tax, the difference between the two shall be added to income tax payable. The aforementioned difference shall not be offset with investment tax credits under other regulations.

(c) Income taxes of companies that are registered in Mainland China are calculated in accordance with 'Law of the People's Republic of China on Enterprise Income Tax' and its implementation and related notification letters.

(d) Income taxes of companies that are registered in the Government of the Hong Kong Special Administrative Region of the People's Republic of China are calculated based on the revenue earned in Hong Kong and in accordance with ‘Hong Kong Inland Revenue Ordinance’.

C. Deferred income tax is recognised, 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, 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 realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised 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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise the asset and settle the liability simultaneously.

(26) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved 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 recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Sales of PCB and related products are recognised as the amount of contract price, net of the estimated discounts credits and price concessions.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financial component

The contract between the Group and the customer, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(28) Business combinations

A. The Group accounts for a business combination by applying the acquisition method, unless it is a combination involving entities or businesses under common control or the acquire is a subsidiary of an investment entity, as defined in IFRS 10, 'Consolidated financial statements', which is required to be measured at fair value through profit or loss. 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 recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. If the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, and previous equity interest in the acquiree is higher than the fair value of the identifiable assets and obligations acquired, the difference is recorded as goodwill; if the fair value of the identifiable assets and obligations acquired is higher than the total of the fair values of the consideration of acquisition, non-controlling interest in the acquiree, and previous equity interest in the acquiree, the difference is recognised directly in profit or loss as 'gain recognised in bargain purchase transaction'.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker, who is responsible for allocating resources to operating segments and evaluating their performance.

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

The preparation of these consolidated financial statements requires management to make critical judgements 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. Such assumptions and estimates have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

Critical accounting estimates and assumptions

Accounting estimates are based on the situation on the balance sheet date to estimate future events, though there could be differences between the actual events and estimation. Estimates and assumptions on the risk of possible critical adjustments to the carrying amount of assets and liabilities for the next fiscal year are as follows:

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Because of the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2018, the carrying amount of inventories was $10,083,882.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and petty cash	$ 3,232	$ 3,334
Checking accounts and demand deposits	22,631,171	10,532,034
Cash equivalents		
Time deposits	18,018,570	8,612,020
	$ 40,652,973	$ 19,147,388

A. For the year ended December 31, 2018, the Group's time deposits over three months which are recognised within 'current financial assets at amortised cost' are referred to Note 6(7)

B. For the year ended December 31, 2017, the Group's time deposits over three months which are recognised within 'other current assets' are referred to Note 6(6).

C. The Group has no cash and cash equivalents pledged to others.

(2) Current financial assets at fair value through profit or loss

Items	December 31, 2018	December 31, 2017
Current items - assets:		
Forward foreign exchange contracts	$ 3,437	$ 7,935

A. The Group recognised net gain of $15,139 and $58,755 within 'financial assets at fair value through profit or loss held for trading' for the years ended December 31, 2018 and 2017, respectively.

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

Derivative Instruments	December 31, 2018 Contract Amount (Notional Principal in thousands)		Contract Period
Current items:			
Forward foreign exchange contracts	RMB (BUY)	48,934	2018/11~2019/2
	USD (SELL)	(7,000)	

Derivative Instruments	December 31, 2017 Contract Amount (Notional Principal in thousands)		Contract Period
Current items:			
Forward foreign exchange contracts	RMB (BUY)	80,034	2017/9~2018/2
	USD (SELL)	(12,000)	

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export transactions. However, these forward foreign exchange contracts do not meet the criteria of hedge accounting.

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

(3) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 76,594	$ 109,810
Accounts receivable	21,594,939	28,406,499
	21,671,533	28,516,309
Less: Allowance for sales returns and discounts	-	(1,779)
Allowance for bad debts	(39,673)	(34,056)
	$ 21,631,860	$ 28,480,474
Accounts receivable-due from related parties	$ 2,666,750	$ 2,153,811
Less:Allowance for bad debts	(22,231)	(15,126)
	$ 2,644,519	$ 2,138,685

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

	December 31, 2018	December 31, 2017
Not past due	$ 24,121,424	$ 30,316,105
Between 1 and 90 days	205,009	353,179
Between 91 and 180 days	8,954	626
Over 180 days	2,896	210
	$ 24,338,283	$ 30,670,120

The above ageing analysis was based on overdue days. For the year ended December 31, 2017, the ageing analysis of accounts receivable are referred to Note12(4).

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

(4) Other receivables and prepayments

	December 31, 2018	December 31, 2017
Other receivables		
Business tax refundable	$ 506,371	$ 2,356,900
Others	349,412	429,415
	$ 855,783	$ 2,786,315

	December 31, 2018	December 31, 2017
Prepayments		
Excess business tax paid	$ 2,940,840	$ 2,227,880
Prepaid expenses	712,844	835,444
Others	19,634	24,782
	$ 3,673,318	$ 3,088,106

The Group's Mainland China subsidiaries are engaged in export sales. Under local regulations, the subsidiaries are entitled to tax benefits on business tax ('VAT') exemption, deduction and refund on the exports of goods. The subsidiaries calculate VAT refund and deductible amounts based on monthly sales by product types. The subsidiaries' counterparties and performing parties are mainly government organizations, so the possibility of default is remote. The subsidiaries recognise related refunds and deductibles within 'other receivables' and 'prepayments', respectively.

(5) Inventories

	December 31, 2018		
	Cost	Allowance for valuation losses	Carrying amount
Raw materials	$ 2,305,687	($ 294,428)	$ 2,011,259
Work in process	1,703,362	(79,178)	1,624,184
Finished goods	6,706,002	(257,563)	6,448,439
	$ 10,715,051	($ 631,169)	$ 10,083,882

	December 31, 2017		
	Cost	Allowance for valuation losses	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

Expenses and losses incurred on inventories for the years ended December 31, 2018 and 2017 are as follows:

	For the years ended December 31,	
	2018	2017
Cost of goods sold	$ 91,634,709	$ 91,210,407
Impairment losses	446,035	470,991
Losses (reversal of) on valuation of inventory	146,398	(262,407)
Income from sale of scraps and wastes	(375,209)	(14,695)
	$ 91,851,933	$ 91,404,296

The Group reversed losses from a previous inventory write-down and recognised gains on reversal for the year ended December, 2017 as the Group sold some inventories, which the net realisable values were lower than the costs.

(6) Other current assets

	December 31, 2018	December 31, 2017
Time deposits with maturity of over three months	$ -	$ 14,148,555
Others	569,634	311,230
	$ 569,634	$ 14,459,785

A. The Group's time deposits over three months and guaranteed income financial products which are recognised within 'financial assets at amortised cost' are referred to Note 6(7).

B. Please refer to Note 8 for the aforementioned other financial assets pledged to others as collateral.

(7) Current financial assets at amortised cost

	December 31, 2018
Time deposits with maturity of over three months	$ 6,658,081
Guaranteed income financial products	1,843,200
Corporate bonds	277,516
	$ 8,778,797

A. The Group recognised interest income of $593,416 in profit or loss for amortised cost for the year ended December 31, 2018.

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

C. Please refer to Table 2 for the information as of December 31, 2018.

D. Please refer to Note 6(6) and Note 6(8) for the information as of December 31, 2017.

(8) Non-current held-to-maturity financial assets

Corporate bonds	December 31, 2017
BOND OF BABA	$ 29,965
HUAHK	90,713
HACOMN	30,386
	$ 151,064

A. The Group recognised interest income of $2,855 in profit or loss for amortised cost for the year ended December 31, 2017.

B. The Group has no held-to-maturity financial assets pledged to others.

(9) Non-current financial assets at fair value through other comprehensive income

Unlisted equity securities	December 31, 2018
SynPower Co., Ltd.	$ 120,992
Valuation adjustment	($ 68,671)
Net exchange differences	152
	$ 52,473

A. The Group has elected to classify the investment in the shares of SynPower Co., Ltd. that is considered to be the strategic investment as financial assets at fair value through other comprehensive income.

B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2018
Equity instruments	($ 68,671)

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 the information as of December 31, 2017.

(10) Non-current financial assets at cost

	December 31, 2017
Unlisted equity securities	
SynPower Co., Ltd	$ 121,000
Net exchange differences	(8)
	$ 120,992

A. According to the Group's intention, the investment in the shares of SynPower Co., Ltd. shall be classified as available-for-sale financial assets. As the shares are not publicly traded in active market and the Group cannot obtain sufficient industry information of similar companies as well as the investee's financial information, the fair value of the underlying investment in the shares cannot be assessed reasonably. Accordingly, the Group classified the investment as 'financial assets at cost'.

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

(11) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
At 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						
Opening net carrying amount	$ 50,997	$ 10,451,369	$ 18,442,802	$ 4,612,063	$ 3,124,222	$ 36,681,453
Additions (transfers)	-	1,774,444	6,771,750	3,151,900	2,132,977	13,831,071
Disposals	-	(76,166)	(77,654)	(40,330)	(31,606)	(225,756)
Depreciation charge	-	(1,124,495)	(4,096,691)	(1,518,465)	-	(6,739,651)
Impairment losses	-	(84,211)	(564,960)	-	(96,400)	(745,571)
Net exchange differences	78	(207,703)	(453,461)	(122,349)	(104,945)	(888,380)
Closing net carrying amount	$ 51,075	$ 10,733,238	$ 20,021,786	$ 6,082,819	$ 5,024,248	$ 41,913,166
At December 31, 2018						
Cost	$ 51,075	$ 17,641,398	$ 40,296,156	$ 12,424,359	$ 5,118,832	$ 75,531,820
Accumulated depreciation and impairment	-	(6,908,160)	(20,274,370)	(6,341,540)	(94,584)	(33,618,654)
	$ 51,075	$ 10,733,238	$ 20,021,786	$ 6,082,819	$ 5,024,248	$ 41,913,166

	Land	Buildings and structures	Machinery and equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
At 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						
Opening net carrying amount	$ 50,987	$ 10,452,476	$ 15,841,616	$ 2,904,543	$ 3,012,295	$ 32,261,917
Additions (transfers)	-	1,280,522	7,728,713	2,387,277	170,058	11,566,570
Disposals	-	(105,178)	(429,250)	(20,130)	(32,403)	(586,961)
Depreciation charge	-	(1,023,670)	(3,419,329)	(1,159,548)	-	(5,602,547)
Impairment losses	-	-	(555,441)	-	-	(555,441)
Net exchange differences	10	(152,781)	(723,507)	499,921	(25,728)	(402,085)
Closing net carrying amount	$ 50,997	$ 10,451,369	$ 18,442,802	$ 4,612,063	$ 3,124,222	$ 36,681,453
At December 31, 2017						
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

A. The significant parts of the Group's buildings and structures include main plants and auxiliary improvements, which are depreciated over 20~53 years and 5~10 years, respectively.

B. The Group assesses recoverable amount of assets at the end of the reporting period based on fair value less selling cost and value-in-use calculations at discount rate of 7.17%. Based on the aforementioned assessment, the Group recognised impairment losses on property, plant and equipment of $745,751 and $555,441 for the years ended December 31, 2018 and 2017, respectively. The amounts recognised in 2018 were shown within the 'operating costs' of $446,035 and the 'other gains and losses' of $299,536 while the amounts recognised in 2017 were shown within the 'operating costs' of $470,991 and the 'other gains and losses' of $84,450. The impairment losses belong to PCB segments.

(12) Intangible assets

	December 31, 2018	December 31, 2017
Goodwill	$ 91,721	$ 88,854

	For the years ended December 31,	
Beginning balance	$ 88,854	$ 96,289
Net exchange differences	2,867	(7,435)
Ending balance	$ 91,721	$ 88,854

The Group acquired 100% shares of Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd. in 2008, and recognised goodwill under the acquisition method.

(13) Other non-current assets

	December 31, 2018	December 31, 2017
Long-term prepaid rent (land use right)	$ 7,727,595	$ 4,155,550
Refundable deposits	44,842	51,277
Others	358,662	273,342
	$ 8,131,099	$ 4,480,169

The Group's subsidiaries signed land use right contracts with local governments whom the subsidiaries will return the right to when the contract expires. The Group recognised rental expenses of $158,965 and $27,849 for the years ended December 31, 2018 and 2017, respectively.

(14) Short-term borrowings

	December 31, 2018	December 31, 2017
Credit loans	$ 9,184,066	$ 15,791,085
Interest rate range	2.23%~4.79%	1.80%~4.70%

Please refer to Note 8 for the collaterals of the short-term borrowings.

(15) Other payables

	December 31, 2018	December 31, 2017
Payable on machinery and equipment	$ 4,190,436	$ 3,066,678
Wages and bonuses payable	3,289,246	3,060,896
Payable on mold and jig	1,864,188	1,267,275
Repairs and maintenance fees payable	928,325	543,084
Payable on cosumable goods	500,549	531,162
Payable on land use right	292,776	-
Others	2,281,002	1,862,576
	$ 13,346,522	$ 10,331,671

(16) Bonds payable

	December 31, 2018	December 31, 2017
2nd overseas unsecured convertible bonds:		
Bonds payable	$ 8,794,901	$ 8,520,060
Less: discount on bonds payable	(95,582)	(277,786)
	8,699,319	8,242,274
Total bonds payable	8,699,319	8,242,274
Less:Current portion of bonds payable (within 'long-term liabilities, current portion')	(8,699,319)	-
Bonds payable	$ -	$ 8,242,274

A. Conditions for issuance of 2nd overseas unsecured convertible bonds are as follows:

(a) The competent authority has approved the Company's second issuance of overseas unsecured corporate bonds on June 6, 2014. The total issue amount of the bonds is USD 300,000 thousand, at a coupon rate of 0% and maturity of 5 years from June 26, 2014 to June 26, 2019.

(b) The conversion price of the bonds is adjusted based on the pricing model in the terms of the bonds. As of December 31, 2018, no bonds have been converted into ordinary shares, and the conversion price was NTD 86.1660 (exchange rate of NTD 30.02 (in dollars) to USD 1 (in dollar)).

(c) The bondholders have the right to require the Company to repurchase all or any portion of bonds at the price of the bonds' principal amount with an annual rate of 0.125% (calculated semi-annually) as interest compensation (100.38% of the principal amount of the corporate bonds) on June 26, 2017. On June 26, 2017, the bondholders redeemed a total of USD 15,500 thousand.

(d) Except for bonds redeemed before maturity, repurchased and retired, or converted by the bondholders, the Company will fully redeem the bonds at the maturity date with an annual rate of 0.125% based on the principal amount (calculated semi-annually). The redemption amount is about 100.63% of the principal amount of the corporate bonds, and the bonds will be redeemed in full.

(e)According to the terms of the bonds, all bonds repurchased (including bonds repurchased from the secondary market), redeemed before or at maturity, or converted by the bondholders are retired and not to be re-issued.

(f)According to the terms of the bonds, rights and obligations of newly issued shares after conversion are the same as other issued ordinary share.

(g)The effective rate of the corporate bonds is 2.3%.

B. Regarding the issuance of 1st overseas unsecured corporate bonds in 2012, the equity conversion options were separated from the liability component in accordance with IAS 32. As of June 7, 2015, the maturity date of convertible bonds, the remaining unconverted shared options were recognised within 'capital surplus-expired share options' of $258.

C. Regarding the issuance of the 2nd overseas unsecured corporate bonds in 2014, the equity conversion options were separated from the liability component in accordance with IAS 32. As of December 31, 2018, the Company's 2nd overseas unsecured corporate bonds with par value of USD 15,500 thousand were redeemed and recognised within 'capital surplus-expired share options' of $45,401. The remaining bonds were neither mature nor converted, and recognised within 'capital surplus-share options' of $833,332.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	December 31, 2018
Syndicated loans	Borrowing period is from October 4, 2018 to October 4, 2021; principal is repayable semiannually from October 4, 2021 in two installments; 50% of principal has to be repaid respectivelly.	$ 9,216,000
Less: Syndicated loan arrangement fees		(21,120)
Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		-
		$ 9,194,880
Interest rate		3.41%

Type of borrowings	Borrowing period and repayment term	December 31, 2017	
Syndicated loans	Borrowing period is from December 28, 2016 to April 4, 2019; principal is repayable semiannually from October 4, 2018 in two installments; 50% of principal has to be repaid respectively.		
		$	8,928,000
Less: Syndicated loan arrangement fees		(	12,238)
Current portion of long-term borrowings (within 'Long-term liabilities, current portion')		(	4,457,881)
		$	4,457,881
Interest rate			3.01%

A. Please refer to Note 13 for the collaterals of long-term borrowings.

B. During the terms of the syndicated loans, in accordance with the syndicated loan agreement, the Company is required to calculate and maintain certain level of current ratio, liability ratio, times-interest-earned ratio and net tangible asset balance based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements.

(18) Pensions

A. Defined benefit plans

	December 31, 2018		December 31, 2017	
Present value of funded defined benefit obligations	($	3,911)	($	3,730)
Fair value of plan assets		15,741		15,114
Net defined benefit asset (within "other non-current assets")	$	11,830	$	11,384

(a) The Group's subsidiary in Taiwan, Zhen Ding Technology Co., Ltd., 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 Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund(the 'Fund'). Before the end of each year, the Taiwan subsidiary assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement benefits of employees who are eligible for retirement in the following year by the aforementioned method, the Taiwan subsidiary is required to fund the deficit in one appropriation before the end of next March.

(b) Movements in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance at January 1, 2018	($ 3,730)	$ 15,114	$ 11,384
Interest (expense) income of net defined benefit asset	(17)	103	86
	($ 3,747)	$ 15,217	$ 11,470
Remeasurements:			
Return on plan assets (excluding aforementioned interest income or expense)	-	509	509
Change in demographic assumptions	(1)	-	(1)
Experience adjustments	(163)	-	(163)
	(164)	509	345
Pension fund contribution	-	15	15
Balance at December 31, 2018	($ 3,911)	$ 15,741	$ 11,830

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Balance at January 1, 2017	($ 10,453)	$ 14,951	$ 4,498
Interest (expense) income of net defined benefit asset	(136)	205	69
	($ 10,589)	$ 15,156	$ 4,567
Remeasurements:			
Return on plan assets (excluding aforementioned interest income or expense)	-	(58)	(58)
Change in demographic assumptions	(28)	-	(28)
Change in financial assumptions	(123)	-	(123)
Experience adjustments	7,010	-	7,010
	6,859	(58)	6,801
Pension fund contribution	-	16	16
Balance at December 31, 2017	($ 3,730)	$ 15,114	$ 11,384

(c) The Bank of Taiwan was commissioned to manage the plan assets of the Fund for the Taiwan subsidiary's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the 'Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund' (Article 6: the scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the amounts accrued from the local bank interest rates of two-year time deposits. If the earnings is inadequate, government shall make payment for the deficit after being authorised by the Taiwan Competent Authority. The Taiwan subsidiary has no right to participate in managing and operating the Fund and hence the Taiwan subsidiary is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. As of December 31, 2018 and 2017, the fair value of plan assets is given in the 'Utilization Status of the Labor Funds' announced by the local government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2018	2017
Discount rate	0.75%	0.75%
Rate of future salary increase	2.00%	2.00%
Rate of employee turnover	0.41%	0.39%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The analysis of the present value of defined benefit obligation effect future due to the main actuarial assumption changes was as follows:

	Discount rate		Rate of future salary increases		Rate of employee turnover	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%	110% of expected rate	90% of expected rate
December 31, 2018						
Increase (decrease) in present value of defined benefit obligations	($ 65)	$ 68	$ 67	($ 65)	$ -	$ -
December 31, 2017						
Increase (decrease) in present value of defined benefit obligations	($ 44)	$ 47	$ 46	($ 44)	($ 1)	$ 1

The aforementioned sensitivity analysis was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change simultaneously. The method of analysing sensitivity is the same as the calculating method of net pension assets in the balance sheet.

(e) Expected contributions to the defined benefit pension plans of the Group are $15 for the year ended December 31, 2019.

B. Defined contribution plan

(a) Effective July 1, 2005, the Taiwan subsidiary of the Group has established a defined contribution pension plan (the 'New Plan') under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Taiwan subsidiaries of the Group 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 contribution plan accrued dividends from an employee's individual account is paid monthly or in lump sum upon retirement of an employee. The pension expenses recognised in accordance with the New Plan were $24,991 and $21,308 for the years ended December 31, 2018 and 2017, respectively.

(b) The Mainland China subsidiaries of the Group have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages with the contribution percentage of 10%~20%, and pension is contributed to the employees' individual pension accounts. Pension of each employee is managed by the government. Other than the monthly contributions, the Group has no further obligations. The pension expenses recognised in accordance with local regulations were $962,727, and $801,251 for the years ended December 31, 2018 and 2017, respectively.

(19) Share-based payment

The share-based payment arrangements of the Company's subsidiary, Avary Holding (Shenzhen) Co., Limited, are as follows:

Type of arrangements	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees	2017.02.27	185,080 thousand shares	7 years	(A)(B)

(A) The restricted stocks has not vested until an employee remains the employ in the Avary Holding (Shenzhen) Co., Limited for 7 years starting from the purchase date and achieves the performance goal. For an employee who does not satisfy the vesting conditions, the employee's investment would be refunded net by the Group at the lower of the investment amount or the carrying amount of assets. However, appropriated dividend in not required to be returned.

(B) Until the achievement of the vesting conditions, the right and obligation: cannot sell, pledge, transfer, give to others, create a right in rem over it or any other disposal.

A. Employee restricted stocks

The numbers of employee restricted stocks are as follows (in thousand shares):

	For the years ended December 31,	
	2018	2017
Outstanding at January 1	185,080	-
Numbers granted for the years	-	185,080
Outstanding at December 31	185,080	185,080

B. Expenses incurred on share-based payment transactions are shown below:

	For the years ended December 31,	
	2018	2017
Expenses incurred on employee restricted stocks	$ 124,796	$ 83,909

(20) Share capital

As of December 31, 2018, the Company's authorised capital was $16,000,000, and the issued capital is $8,047,484, consisting of 804,748 thousand shares of ordinary share with a par value of $10 (in New Taiwan dollars) per share.

(21) Capital surplus

	For the years ended December 31, 2018					
	Additional paid-in capital arising from ordinary	Additial paid-in capital arising from bond conversion	Share options	Expired share options	Changes in non-controlling interests	Total
At January 1	$5,690,348	$ 5,373,351	$833,332	$ 45,659	$ 2,908,608	$ 14,851,298
Employee restricted stocks	-	-	-	-	96,645	96,645
Changes in non-controlling interests	-	-	-	-	7,052,714	7,052,714
At December 31	$5,690,348	$ 5,373,351	$833,332	$ 45,659	$ 2,908,608	$ 22,000,657

	For the years ended December 31, 2017					
	Additional paid-in capital arising from ordinary	Additial paid-in capital arising from bond conversion	Share options	Expired share options	Changes in non-controlling interests	Total
At January 1	$ 5,690,348	$ 5,373,351	$ 878,733	$ 258	$ -	$ 11,942,690
Restricted stocks	-	-	-	-	70,767	70,767
Changes in non-controlling	-	-	-	-	2,837,841	2,837,841
Redemption of bonds payable	-	-	(45,401)	45,401	-	-
At December 31	$ 5,690,348	$ 5,373,351	$ 833,332	$ 45,659	$ 2,908,608	$ 14,851,298

A. Capital surplus arising from paid-in capital in excess of par value on issuance of ordinary share is used to offset accumulated losses incurred in previous years or distribute dividends to shareholders.

B. Please refer to Note 6(16) for capital surplus - share options, capital surplus - expired share options and capital surplus - additional paid-in capital arising from bond conversion.

C. Please refer to Note 6(31) for the movement of capital surplus-changes in non-controlling interests.

(22) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the Board of Directors shall set aside out of the current year's earnings sequentially as follows:

(a) A reserve for payment of tax for the relevant financial year;

(b) An amount to offset losses incurred in previous years;

(c) Ten percent (10%) as a general reserve, and

(d) A special surplus reserve as required by the applicable securities authority under the Applicable Public Company Rules or a reserve as determined by the Board of Directors.

The remainder shall be distributed pursuant to the proposal of the Board of Directors in accordance with Company's dividend policy and resolved by the shareholders' meeting.

B. The appropriations of 2017 and 2016 earnings have been approved by the shareholders meeting on June 4, 2018 and June 20, 2017, respectively. Details are summarised as follows:

	For the years ended of December 31,			
	2017		2016	
	Amount	Dividends per share (in New Taiwan dollars)	Amount	Dividends per share (in New Taiwan dollars)
General reserve	$ 517,244		$ 345,619	
Special reserve	29,559		1,688,354	
Cash dividends	2,655,670	3.30	1,770,446	2.20
Total	$ 3,202,473		$ 3,804,419	

On March 29, 2019, the Board of Directors proposed that cash dividends for the appropriations of 2018 earnings amounting to $4,023,742 at $5.00 in New Taiwan dollars per share.

Information on the appropriation of the Company's earnings as resolved at the shareholders' meeting is posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

C. Regarding employees' remuneration and directors' remuneration, please refer to Note 6(25).

(23) Other equity interest

	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total
At January 1, 2018	$ -	($ 1,717,913)	($ 1,717,913)
Valuation adjustment	(68,671)	-	(68,671)
Currency translation differences:			
–Group	-	(1,161,722)	(1,161,722)
At December 31, 2018	($ 68,671)	($ 2,879,635)	($ 2,948,306)

	Unrealised gains or losses on available-for-sale financial assets	Exchange differences on translation of foreign financial statements	Total
At January 1, 2017	($ 5,014)	($ 1,683,342)	($ 1,688,356)
Disposal of financial assets	5,014	-	5,014
Currency translation differences:			
–Group	-	(34,571)	(34,571)
At December 31, 2017	$ -	($ 1,717,913)	($ 1,717,913)

(24) Expenses by nature

	For the years ended December 31, 2018	2017
Employee benefit expense	$ 14,504,787	$ 13,253,527
Depreciation	6,739,651	5,602,547
Amortisation	80,090	76,687
	$ 21,324,528	$ 18,932,761

The employee benefit expense includes pension gains of $86 and $69 which are shown within 'other gains and losses' for the years ended December 31, 2018 and 2017, respectively.

(25) Employee benefit expense

	For the years ended December 31, 2018	2017
Wages and salaries	$ 11,627,893	$ 10,565,734
Employees' remuneration	77,339	85,903
Labor and health insurance fees	510,151	474,794
Pension expenses	987,632	822,490
Other personnel expenses	1,301,772	1,304,606
	$ 14,504,787	$ 13,253,527

A. In accordance with the Company's Articles of Incorporation, the Company shall distribute employee's remuneration between zero point five percent (0.5%) and twenty percent (20%) and distribute directors' remuneration no higher than zero point five percent (0.5%) of the distributed earnings covering accumulated losses.

B. For the years ended December 31, 2018 and 2017, employees' remunerations were accrued both of $77,339 and $85,903, respectively; while directors' remunerations were accrued both of $10,500.

C. Employees' remuneration and directors' remuneration of the Board of Directors' resolution for the year ended December 31, 2017 were equal to the amount recognised in the financial statements for the year ended December 31, 2017.

D. Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors and shareholders is posted in the 'Market Observation Post System' at the website of the Taiwan Stock Exchange.

(26) Other income

	For the years ended December 31,	
	2018	2017
Interest income		
Interest income from bank deposits	$ 467,294	$ 707,494
Interest income from financial assets measured at amortised cost	593,416	-
Interest income from financial products	-	52,470
Interest income from held-to-maturity financial assets	-	2,855
Government grant revenue	531,158	387,321
Others	76,728	107,652
Total	$ 1,668,596	$ 1,257,792

(27) Other gains and losses

	For the years ended December 31,	
	2018	2017
Net currency exchange losses	($ 394,411)	($ 564,948)
Net gains (losses) on disposal of property, plant and equipment	(165,887)	(27,353)
Impairment loss on property, plant and equipment	(299,536)	(84,450)
Net gains on financial assets at fair value through profit or loss	15,139	58,755
Gains on disposal of investments	-	9,155
Others	(76,686)	(43,092)
Total	($ 921,381)	($ 651,933)

(28) Finance costs

	For the years ended December 31,	
	2018	2017
Interest expense		
Bank borrowings	$ 724,371	$ 564,576
Amortisation of convertible bond discounts	187,617	194,518
Amortisation of syndicated loan arrangement fees	14,283	10,011
Total	$ 926,271	$ 769,105

(29) Income tax

A. Components of income tax expense

	For the years ended December 31,	
	2018	2017
Current tax:		
Tax payable arising from the current period	$ 2,984,413	$ 2,157,212
Additional tax on unappropriated retained earnings	-	13,643
Adjustments in respect of prior years	(74,541)	(33,276)
Total current tax	2,909,872	2,137,579
Deferred tax:		
Origination and reversal of temporary differences	228,356	(415,472)
Effect from tax rate change	(8,161)	-
Income tax expense	$ 3,130,067	$ 1,722,107

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2018	2017
Tax calculated based on profit before tax and statutory tax rate	$ 2,305,962	$ 957,266
Effects from items unrecognised by tax regulations	266,756	11,291
Additional 10% tax on unappropriated retained earnings	-	13,643
Effects from adjustments in respect of prior years	(74,541)	(33,276)
Effect from tax rate change	(8,161)	-
Effects from re-evaluation of deferred tax liabilities	640,051	773,183
Income tax expense	$ 3,130,067	$ 1,722,107

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	December 31
Temporary differences:					
- Deferred tax assets:					
Allowance for inventory valuation loss	$ 67,295	$ 5,328	$ -	($ 1,504)	$ 71,119
Wages and bonuses payable	120,672	51,345	-	(3,516)	168,501
Impairment loss on property, plant and equipment	92,722	12,499	-	(2,229)	102,992
Unrealised profits from sales in respect of inventory	226,241	85,016	-	5,697	316,954
Others	318,981	53,397	-	(7,453)	364,925
Subtotal	825,911	207,585	-	(9,005)	1,024,491
- Deferred tax liabilities:					
Taxable difference arrising from property, plant and equipment	-	(332,398)	-	6,259	(326,139)
Remeasurement of defined benefit obligations	(266)	124	(260)	-	(402)
Others	(422,941)	(95,506)	-	(12,656)	(531,103)
Subtotal	(423,207)	(427,780)	(260)	(6,397)	(857,644)
Total	$ 402,704	($ 220,195)	($ 260)	($ 15,402)	$ 166,847

	For the year ended December 31, 2017				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Net exchange differences	December 31
Temporary differences:					
- Deferred tax assets:					
Allowance for inventory valuation loss	$ 88,347	($ 19,444)	$ -	($ 1,608)	$ 67,295
Wages and bonuses payable	132,845	(10,041)	-	(2,132)	120,672
Impairment loss on property, plant and equipment	105,112	(10,653)	-	(1,737)	92,722
Remeasurement of defined benefit obligations	200	(200)	-	-	-
Unrealised profits from sales in respect of inventory	-	237,633	-	(11,392)	226,241
Others	-	321,130	-	(2,149)	318,981
Subtotal	326,504	518,425	-	(19,018)	825,911
- Deferred tax liabilities:					
Remeasurement of defined benefit obligations	-	890	(1,156)	-	(266)
Others	(363,111)	(103,843)	-	44,013	(422,941)
Subtotal	(363,111)	(102,953)	(1,156)	44,013	(423,207)
Total	($ 36,607)	$ 415,472	($ 1,156)	$ 24,995	$ 402,704

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 6,311,452	$ 5,013,704
Tax effect	$ 1,577,863	$ 1,253,426

E. The income tax returns of the Group’s subsidiary, Zhen Ding Technology Co., Ltd., have been assessed and approved through 2016 by the Tax Authority.

F. The income tax returns of the Group’s subsidiary, Garuda Technology Co., Ltd., have been assessed and approved through 2016 by the Tax Authority.

G. Under the amendments to the Income Tax Act of Taiwan issued into effect on 7 February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(30) Earnings per share

	For the year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 8,447,792	804,748	$ 10.50
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 8,447,792	804,748	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	187,617	99,119	
Employees' remuneration	-	1,217	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 8,635,409	905,084	$ 9.54

	For the year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in New Taiwan dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 5,172,436	804,748	$ 6.43
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 5,172,436	804,748	
Assumed conversion of all dilutive potential ordinary shares			
Overseas convertible bonds	194,518	94,125	
Employees' remuneration	-	2,637	
Profit attributable to ordinary shareholders of the parent considering assumed conversion of all dilutive potential ordinary shares	$ 5,366,954	901,510	$ 5.95

As employees' remuneration might be distributed in the form of shares, the diluted EPS is calculated based on the assumption that all distribution will be in the form of shares in the calculation of the weighted-average number of ordinary shares outstanding during the reporting period, taking into account the dilutive effects of stock bonus on potential ordinary shares.

(31) Transactions with non-controlling interests

A. The Company's subsidiary, Avary Holding (Shenzhen) Co., Limited, issued new shares on February 28, 2017, June 23, 2017 and September 11, 2018. The Group did not subscribe for the issuance of new shares in percentage of its ownership ratio, thus the Group decreased its ownership ratios by 9.91%, 9.18% and 8.09%, respectively. The transaction increased non-controlling interest by $3,872,158, $5,174,551 and $9,102,166, respectively. Meanwhile the equity attributable to owners of parent decreased by $173,009 and increased by $2,837,841 and $7,052,714, respectively.

B. The effect of the equity attributable to owners of parent of the Group for the years ended December 31, 2018 and 2017 are shown below:

	For the years ended December 31, 2018	For the years ended December 31, 2017
Issuance of common stock by subsidiaries	$ 16,154,880	$ 11,711,541
Increase in the carrying amount of non-controlling interests	(9,102,166)	(9,046,709)
Effects of the equity attributable to owners of parent	$ 7,052,714	$ 2,664,832
Adjustments on the equity attributable to owners of parent		
Retained earnings	$ -	($ 173,009)
Capital surplus-changes in non-controlling interests	$ 7,052,714	$ 2,837,841

C. In the second quarter of 2017, the Group entered into the investment agreements with certain non-controlling interests, and recognised redeemed liabilities within 'other non-current liabilities' in accordance with the terms of the agreements.

On November 3, 2017, the agreements were expired by the reason that the Mainland China Competent Authority had accepted the application for initial public offering of the RMB common stock issuance (the 'A shares') of Avary Holding (Shenzhen) Co., Limited.

(32) Additional information of cash flows

A. Investing activities with partial cash payments

	For the years ended December 31, 2018	For the years ended December 31, 2017
Acquisition of property, plant and equipment	$ 13,831,071	$ 11,566,570
Add: opening balance of payable on machinery and equipment (within 'other payables')	3,066,678	1,656,187
Less: ending balance of payable on machinery and equipment (within 'other payables')	(4,190,436)	(3,066,678)
opening balance of other receivables	-	(539,974)
Net exchange differences	(82,192)	(8,365)
Cash paid during the period	$ 12,625,121	$ 9,607,740

	For the years ended December 31, 2018	For the years ended December 31, 2017
Acquisition of land use right	$ 3,897,344	$ 3,139,590
Less: ending balance of payable on land use right (within 'other non-current assets, other')	(292,776)	-
Net exchange differences	(5,619)	-
Cash paid during the period	$ 3,598,949	$ 3,139,590

B. Changes in liabilities from financing activities

The change of the Group in liabilities from financing activities for the year ended December 31, 2018, the amortisation of discounts, repayment of borrowings and the effect of exchange rate changes amounting to $201,900, $6,584,316 and $506,433, respectively. Please refer to consolidated statements of cash flows.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	The entity has significant influence over
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 related party transactions and balances

A. Sales

	For the years ended December 31,	
	2018	2017
Sales of goods:		
Entity with significant influence over the Company	$ 6,494,871	$ 5,861,388
Other related parties	1,492,554	1,212,807
	$ 7,987,425	$ 7,074,195
Sales of services:		
Entity with significant influence over the Company	$ -	$ 8,439

Unless the prices and terms were determined in accordance with mutual agreements due to no similar transactions, the sale prices and credit terms to related parties were similar to third parties. The normal credit term is around 1 to 4 months.

B. Purchases

	For the years ended December 31,	
	2018	2017
Purchases of goods:		
Entity with significant influence over the Company	$ 829,169	$ 1,866,009
Other related parties	1,913,788	-
	$ 2,742,957	$ 1,866,009

Unless the prices and terms were determined in accordance with mutual agreements due to no similar transactions, the purchase prices and payment terms to related parties were similar to third parties. The normal payment term is around 1 to 4 months.

C. Accounts receivable

	December 31, 2018	December 31, 2017
Accounts receivable - related parties:		
Entity with significant influence over the Company	$ 2,409,295	$ 2,000,005
Other related parties	257,455	153,806
	2,666,750	2,153,811
Allowance for bad debts	(22,231)	(15,126)
	$ 2,644,519	$ 2,138,685

D. Accounts payable

	December 31, 2018	December 31, 2017
Accounts payable - related parties:		
Entity with significant influence over the Company	$ 139,496	$ 704,783
Other related parties	883,145	-
	$ 1,022,641	$ 704,783

E. Transactions of property, plant and equipment

	For the years ended December 31,	
	2018	2017
Acquisition of property, plant and equipment:		
Entity with significant influence over the Company	$ 14,944	$ 156,820

(3) Key management remuneration

	For the years ended December 31,	
	2018	2017
Short-term employee benefits	$ 187,757	$ 50,261

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

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

	December 31, 2018	December 31, 2017
Property, plant and equipment	$ 2,817,011	$ 443,821

B. Operating lease agreement

The Group entered into 5-year office and equipment contracts with third parties. Under the contracts, the Group’s future minimum lease payments are as follows:

	December 31, 2018	December 31, 2017
Within one year	$ 155,534	$ 110,364
Between one and five year(s)	286,722	137,516
	$ 442,256	$ 247,880

C. The amount of unused letters of credit for the acquisition of property, plant and equipment is as follows:

	December 31, 2018	December 31, 2017
Unused letters of credit	$ 1,152,059	$ 2,124,770

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The appropriation of 2018 earnings was proposed by the Board of Directors on March 29, 2019. Please refer to Note 6(22).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares when convertible bonds are converted, or issue new shares for consideration to achieve optimal capital structure.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at amortised cost	$ 75,133,566	$ 67,012,647
Financial assets at fair value through profit or loss	3,437	7,935
Financial assets at fair value through other comprehensive income	52,473	-
Held-to-maturity financial assets	-	151,064
Financial assets at cost	-	120,992
	$ 75,189,476	$ 67,292,638
Financial liabilities		
Financial liabilities at amortised cost	($ 58,615,242)	($ 66,639,946)

Note：Financial assets at amortised cost including cash and cash equivalents, accounts receivable (including to related parties), other receivables and other current assets; financial liabilities at amortised cost including short-term borrowings, accounts payable (including due from related parties), other payables, long-term liabilities current portion, long-term borrowings, bond payable and guarantee deposits received.

B. Risk management policies

(a) Risk categories:

The Group employs a comprehensive risk management and control system to clearly identify, measure, and control the various kinds of financial risk 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 eliminated through internal controls or operational procedures. Therefore, the goal in managing each of these risks is to reduce them to zero.

ii. As for market risk, the goal is to optimise its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of 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 potential adverse effects on the Group's financial position and financial performance.

iv. The Group uses derivative financial instruments. Please refer to Note 6 for details.

(c) Management system:

i. Risk management is carried out by a central treasury department (the Group treasury) under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

ii. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

<u>Foreign exchange risk</u>

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from (a) the timing of recognition for accounts receivable, accounts payable, borrowings, and payables on machinery and equipment denominated in non-functional currencies is different, (b) recognised assets and liabilities and (c) net investments in foreign operations. Since the transacting currencies are different from functional currencies, foreign exchange risks arise.

ii. Management has set up a policy to require all subsidiaries within the Group to manage their foreign exchange risk against their functional currency. However, the overall foreign exchange risk is managed by the Group treasury for hedging.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

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

	December 31, 2018			For the year ended December 31, 2018	
				Sensitivity analysis	
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	Degree of variation	Effect on comprehensive income
Financial assets					
Monetary items					
USD:NTD	248,050	30.72	$ 7,620,096	1%	$ 76,201
USD:RMB	1,460,211	6.8632	44,825,149	1%	448,251
Net effect in consolidated entities with foreign currency					
USD:NTD	2,205,165	30.72	67,742,669	1%	677,427
Financial liabilities					
Monetary items					
USD:NTD	182,577	30.72	5,608,765	1%	56,088
USD:RMB	950,743	6.8632	29,185,642	1%	291,856
JPY:RMB	2,383,504	0.0619	659,774	1%	6,598

(Foreign currency: functional currency)	December 31, 2017 Foreign currency amount (In thousands)	Exchange rate	Carrying amount (In thousands of NTD)	For the year ended December 31, 2017 Sensitivity analysis Degree of variation	Effect on comprehensive income
Financial assets					
Monetary items					
USD:NTD	368,597	29.76	$ 10,969,447	1%	$ 109,694
USD:RMB	1,383,992	6.5342	41,337,742	1%	413,377
Net effect in consolidated entities with foreign currency					
USD:NTD	1,988,602	29.76	59,180,796	1%	591,808
Financial liabilities					
Monetary items					
USD:NTD	285,178	29.76	8,486,897	1%	84,869
USD:RMB	923,723	6.5342	27,590,204	1%	275,902
JPY:RMB	3,477,770	0.0579	920,181	1%	9,202

v. Please refer to Note 6(27) for the total exchange gain including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017.

Interest rate risk for cash flow and fair value

The Group’s interest rate risk arises from borrowings. Borrowings at floating rates expose the Group to interest rate risk of cash flow, which is partially offset by cash and cash equivalents held at floating rates.

Based on the simulations performed, the impact on after-tax profit of a quarter-point shift would be a maximum increase or decrease of $46,000 and $61,798 for the years ended December 31, 2018 and 2017, respectively. The simulation is based on a quarterly basis to ensure that the maximum potential loss is within the limit given by the management.

The financial assets at amortised cost held by the Group are fixed rate products, and their changes of fair value arise from changes in market interest rate. However, the Group would hold the financial assets to the maturity because of the return at the effective rates for the duration, thus, there are no gains or losses on disposal or valuation arising from change in fair value.

Price risk

The Group’s investments in equity securities comprise domestic listed stocks which are classified as investments in financial assets at fair value through other comprehensive income.

The price of equity securities would be affected by the uncertainty of the future value of underlying investment. However, the Group expects the price fluctuations do not have significant impact on the price of equity securities.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments.

According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments, and is managed and monitored by the Group treasury. The clients and counterparties are government organisations, banks with high credit quality and financial institutions with investment grade; thus, there is no significant default risk and critical credit risk.

ii. The Group assess whether there has beena significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were an underlying more than 30 days past due based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii)If the credit rating grade of an underlying investment degrades two grades, there has been a significant increase in credit risk on that instrument since initial recognition.

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 reorganisation due to their financial difficulties;

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

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

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

iv. The default occurs when the contract payments are more than 90 days past due.

v. The credit quality information of financial assets that are neither overdue nor impaired is as follows:

Cash and cash equivalents

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

Financial assets at amortised cost

The Group's investments in debt classified as financial assets at amortised are low credit risk on December 31, 2018, and the carrying amount is measured as the expected credit loss for the 12 months following the balance sheet date.

Financial assets at fair value through profit or loss

The counterparties are banks with high credit quality and financial institutions with investment grade, so it expects that the probability of counterparty default is remote.

The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of 'financial assets at fair value through profit or loss'.

Accounts receivable (including from related parties)

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

1. Assess the ECLs on an individual basis if a significant default has been occurred to the certain customers.
2. Classifies the other customers' accounts receivables based on the Group's credit rating standards and estimates the ECLs using loss rate methodology or provision matrix.
3. 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.
4. As of December 31, 2018, the individual provision for impairment of accounts receivable using loss rate methodology or provision matrix is as follows:

	Individual	Group 1	Group 2	Group 3	Group 4	Total
As of December 31, 2018						
Expected loss rate		0.03%	0.07%	0.10%~1.00%	1%~5%	
Total book value	$ -	$17,425,762	$3,776,937	$ -	$3,143,584	$24,346,283
Loss allowance	$ -	($ 5,228)	($ 2,637)	$ -	($ 54,039)	($ 61,904)

Group 1: Standard Poor's, Fitch Ratings or Moody's ratings in A category, or A category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch Ratings in BBB category, Moody's ratings in Baa category, or in B or C category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch Ratings in BB+ category or below, or Moody's ratings in Bal category or below.

Group 4: Having no external agency rating. Ratings other than A, B, or C based on the Group's Credit Quality Control Policy.

(ii) Movements on allowance for accounts receivable adopting the modified approach (including due from related parties) as follows:

	For the year ended December 31, 2018
Opening balance	$ 49,182
Provision for impairment	11,873
Net exchange differences	849
Ending balance	$ 61,904

Other receivables

The Group's subsidiaries incorporated in Mainland China are engaged in export sales. Under local regulations, the subsidiaries are entitled to tax benefits on VAT exemption, deduction and refund on the exports of goods. The subsidiaries calculate VAT refund and deductible amounts based on monthly sales by product types. The subsidiaries' counterparties and performing parties are mainly government organisations, so the possibility of default is remote.

Financial assets at fair value through other comprehensive income

The equity securities issuer has high credit quality and the Group controls its credit risk through transaction limits control and critical assessment of credit rating levels, so it expects that the probability of default is remote.

vi. Please refer to Note 12(4) for the information as of December 31, 2017.

(c) Liquidity risk

i. Cash flow forecasting is performed by each Group entity and aggregated by the Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient undrawn committed borrowing facilities (Note 6) at all times so that the Group does not breach borrowing limits or covenants 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 applicable external regulatory or legal requirements, such as foreign currency restrictions.

ii. The Group has the following undrawn borrowing facilities:

	December 31, 2018	December 31, 2017
Expiring within one year	$ 35,316,650	$ 21,243,102
Expiring beyond one year	5,233,200	3,156,849
	$ 40,549,850	$ 24,399,951

iii. The following table analyses 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 following table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: December 31, 2018	Less one year	Over one year	Total
Bonds payable	$ 8,794,901	$ -	$ 8,794,901
Long-term borrowings	-	9,216,000	9,216,000
Guarantee deposits received	-	110,990	110,990
	$ 8,794,901	$ 9,326,990	$ 18,121,891

Non-derivative financial liabilities: December 31, 2017	Less one year	Over one year	Total
Bonds payable	$ -	$ 8,520,060	$ 8,520,060
Long-term borrowings	4,464,000	4,464,000	8,928,000
Guarantee deposits received	-	150,723	150,723
	$ 4,464,000	$ 13,134,783	$ 17,598,783

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(d) Cash flow risk of changes from interest rate

For the Group's borrowings at floating rates, the effective interest rate changes according to market interest rates. However, the working capital of the Group is sufficient to hedge the cash flow risk due to changes in interest rate. Furthermore, the Group's borrowings as fixed rates and lease payable have no cash flow risk due to changes in market interest rate.

(3) Fair value estimation

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

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: 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 (e.g., as prices) or indirectly (e.g., derived from prices). The fair value of the Group's investment in derivative instruments 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 those listed in the following table, the carrying amounts of the Group's financial instruments not measured at fair value approximate to their fair values, including cash and cash equivalents, financial assets at amortised cost–the deposits with maturity of over three month, financial assets at amortised cost–guaranteed income financial products, accounts receivable (including due from related parties), other receivables, other current assets (excluding equity securities in Note 12(3)), short-term borrowings, accounts payable (including to related parties), other payables , and long-term borrowings (including current portion). The fair value of financial assets measured at cost is not disclosed because it cannot be reliably measured:

	December 31, 2018			
		Fair value		
	Carrying value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost-corporate bond	$ 277,516	$ 271,806	$ -	$ -
Financial liabilities:				
Bonds payable	$ 8,699,319	$ -	$8,752,891	$ -
Guarantee deposits received	110,990	-	110,757	-
Total	$ 8,810,309	$ -	$8,863,648	$ -

	December 31, 2017			
		Fair value		
	Carrying value	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	$ -
Guarantee deposits received	150,723	-	150,407	-
Total	$ 8,392,997	$ -	$8,529,157	$ -

(b) The methods and assumptions of fair value measurement are as follows:

i. Bonds payable: Regarding the convertible bonds issued by Group, the fair value is estimated based on the expected cash flows using the present value and market rate.

ii. Guarantee deposits received: The fair value is estimated using the present value of the expected cash flows. The discount rate refers to the fixed interest rate of postal savings for a one-year time deposit.

iii. Held-to-maturity financial assets: The fair value is based on the quoted price in an active market.

C. Financial instruments measured at fair value

(a) The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2018 and 2017 are as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 3,437	$ -	$ 3,437
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 52,473	$ 52,473

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

(b) The methods and assumptions that the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (i.e., Level 1).

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

iii. When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. 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 into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

D. The movement on Level 3 for the year ended December 31, 2018 is as follows:

	For the year ended December 31, 2018	
	Equity securities	
Opening balance	$	120,992
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(	68,671)
Net exchange differences		152
Ending balance	$	52,473

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

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

		Fair value as of December 31,2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity securities:						
Unlisted shares	$	52,473	Market comparable companies	Enterprise value to EBIT multiple	8.69~14.68 (10.29)	The higher the EBIT, the higher the fair value
				Price to net value multipe	1.53	The higher the net value of shares, the higher the fair value

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

	Input	Change	December 31, 2018 Recognised in other comprehensive income Favourable change	Unfavourable change
Financial assets				
Equity instrument	$ 52,473	±1%	$ 525	($ 525)

E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

(4) Effects on first-time adoption of IFRS 9

A. Summary of significant accounting policies adopted for the year ended December 31, 2017, please refer to Note 4 in consolidated financial statements for the year ended December 31, 2017

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

(a) Under IAS 39, the financial assets classified as other financial assets (within 'other current assets') and held-to-maturity financial assets, amounting to $14,148,555 and $151,064, respectively, met the condition that it is intended to settle the principal and interest on the principal amount outstanding, therefore, they were reclassified as 'financial assets at amortised cost' under the first-time adoption of IFRS 9.

(b) Under IAS 39, the financial assets classified as financial assets at cost, amounting to $120,992, were not held for the purpose of trading, there, they were reclassified as 'financial assets at fair value through other comprehensive income (equity instruments)'.

(c) The above adjustments have no impact to retained earnings and other equity based on the Group's assessment.

C. Credit risk information for the year ended December 31, 2017 is as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only independently rated counterparties with a minimum rating of 'A' are accepted.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality information of financial assets that are neither past due nor impaired is as follows:

Accounts receivable (including from related parties)

The credit quality of accounts receivable (including from related parties) that were neither overdue nor impaired is shown below based on the Group's Credit Quality Control Policy:

	December 31, 2017
Group 1	$ 24,163,614
Group 2	3,315,730
Group 3	-
Group 4	2,834,982
	$ 30,314,326

Group 1: Standard Poor's, Fitch Ratings or Moody's ratings in A category, or A category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch Ratings in BBB category, Moody's ratings in Baa category, or in B or C category rated based on the Group's Credit Quality Control Policy for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch Ratings in BB+ category or below, or Moody's ratings in Bal category or below.

Group 4: Having no external agency rating. Ratings other than A, B, or C based on the Group's Credit Quality Control Policy.

Other current assets

The counterparties of the Group's time deposits maturity of over three months, guaranteed income financial products and private fund are banks with good credit quality and financial institutions with investment-grade credit ratings or above, so it expects that the probability of counterparty default is remote.

Held-to-maturity financial assets

The debt issuers have high credit quality and the Group controls its credit risk through transaction limits and strict assessment of credit rating levels, so it expects that the probability of default is remote.

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

	December 31, 2017
Within 30 days	$ 295,625
Between 31 and 90 days	8,488
Between 91 and 180 days	539
Over 180 days	181
	$ 304,833

The above aging analysis was based on the overdue days.

(e) The movement analysis of impaired accounts receivable is as follows:

As of December 31, 2017, accounts receivable that had been impaired were $16,066. Movement in allowance for bad debts is as follows

	December 31, 2017
Opening balance	$ 16,085
Provision for impairment	32,859
Net exchange differences	238
Ending balance	$ 49,182

The aforementioned accounts receivable were individually assessed for impairment.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(The portions of transaction information with the investees were based on the financial statements of the investees for the same period which were audited by independent accountants. All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information below is for reference only.)

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

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

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

D. Acquisition or sale of the same security with the accumulated amount exceeding $300 million or 20% of paid-in capital or more: Please refer to table 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. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

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

I. Trading in derivative financial instruments: Please refer to Note 6(2).

J. The business relationship and significant transactions between the inter-companies: Please refer to table 6.

(2) Information on investees

(The portions of transaction information with the investees were based on the financial statements of the investees for the same period which were audited by independent accountants. All the transactions with subsidiaries disclosed below had been eliminated in the consolidated financial statements. The disclosure information below is for reference only.)

Names, locations and other information of investee companies (excluding the investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions with the investees in Mainland China either directly or indirectly through other companies in the third areas: None.

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the manufacturing of various types of PCB products. The chief operating decision-maker considered the business and operations from the product perspective. Currently, the Group only discloses one reportable segment as all operating segments meet the aggregation criteria. In allocating resources and assessing performance of the Group, the chief operating decision-maker uses operating segments' revenue and net income which reflects internal cost and expense allocation. Except for inter-segment charges which were determined based on the Group's internal policy, accounting policies of operating segments are in agreement with Note 4, 'Summary of significant accounting policies'.

(2) Reportable segment information

Information on reportable segment provided to the chief operating decision maker is as follows:

	'For the years ended December 31,			
	2018		2017	
Revenue from external customers	$	117,880,277	$	109,193,005
Inter-segment revenue		-		-
Segments' revenue	$	117,880,277	$	109,193,005
Measure of segment profit	$	13,636,827	$	8,293,861

(3) Reconciliation of reportable segment's revenue and measure of profit and loss

Sales between segments are carried out at fair value. 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.

The reconciliation from total reportable segment's revenue to the enterprise income and from segment profit from reportable segment to the net income for the period is as follows:

	For the years ended December 31,	
	2018	2017
Reportable segment's revenue	$ 117,880,277	$ 109,193,005
Other operating segments' revenue	32,604	44,726
Total segment revenue (i.e., the consolidated revenue)	$ 117,912,881	$ 109,237,731

	For the years ended December 31,	
	2018	2017
Reportable segment's profit	$ 13,636,827	$ 8,293,861
Other operating segments' profit	4,049	(4,086)
Total segment profit	13,640,876	8,289,775
Interest income and finance costs	134,439	(6,286)
Net foreign exchange losses	(394,411)	(564,948)
Net gains on financial assets at fair value through profit or loss	15,139	58,755
Others	(1,859,548)	(1,005,513)
Profit (losses)	$ 11,536,495	$ 6,771,783

(4) Information on products and services

Revenues from external customers are primarily from the manufacturing of PCB products as follows:

	For the years ended December 31,	
	2018	2017
Revenues from the manufacturing PCB products	$ 117,912,881	$ 109,237,731

(5) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	For the years ended December 31,			
	2018		2017	
	Revenue	Non-current assets	Revenue	Non-current assets
U.S.A	$ 81,805,602	$ -	$ 68,428,524	$ -
Mainland China	23,946,317	49,821,664	26,746,784	40,905,485
Taiwan	5,637,193	222,601	7,625,992	244,479
Singapore	1,040,406	-	365,674	-
Others	5,483,363	91,721	6,070,757	100,512
Total	$ 117,912,881	$ 50,135,986	$ 109,237,731	$ 41,250,476

The revenue by geography is based on the countries where customers are located. Non-current assets are property, plant, equipment, intangible assets and other non-current assets.

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2018 and 2017 is as follows:

	For the years ended December 31,			
	2018		2017	
	Revenue	Segment	Revenue	Segment
Company B	$ 81,779,622	Manufacturing of PCB products	$ 68,417,479	Manufacturing of PCB products
Company A	6,494,871		5,869,827	
	$ 88,274,493		$ 74,287,306	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

LOANS TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 5)	Balance at December 31, 2018 (Note 6)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Notes 3&4)	Limit on total lender's loans granted (Notes 1&4)	Footnote
													Item	Value			
0	The Company	Monterey Park Finance Limited	Other receivables	Yes	$ 614,300	$ 614,300	$ -	-	Short-term financing	$ -	Operation requirements	$ -	None	$ -	$ 22,422,083	$ 22,422,083	
0	The Company	Qi Ding Technology Qinhuangdao CO.,LTD.	Other receivables	Yes	$ 307,150	$ 307,150	$ 307,150	2.23%	Short-term financing	-	Operation requirements	-	None	-	$ 22,422,083	$ 22,422,083	
1	FAT Holdings Limited	Monterey Park Finance Limited	Other receivables	Yes	737,160	737,160	734,089	2.83%	Short-term financing	-	Operation requirements	-	None	-	3,725,583	5,215,816	
1	FAT Holdings Limited	Henley International Limited	Other receivables	Yes	614,300	614,300	-	-	Short-term financing	-	Operation requirements	-	None	-	3,725,583	5,215,816	
2	Mayco Industrial Limited	The Company	Other receivables	Yes	5,037,260	5,037,260	982,880	2.70%	Short-term financing	-	Operation requirements	-	None	-	21,847,056	21,847,056	
3	Pacific Fair International Limited	The Company	Other receivables	Yes	2,764,350	2,764,350	2,417,271	2.70%	Short-term financing	-	Operation requirements	-	None	-	3,496,218	3,496,218	
4	Pacific Stand Enterprises Limited	Monterey Park Finance Limited	Other receivables	Yes	706,445	706,445	-	-	Short-term financing	-	Operation requirements	-	None	-	-	-	
5	Monterey Park Finance Limited	Qi Ding Technology Qinhuangdao CO.,LTD.	Other receivables	Yes	1,228,600	1,228,600	614,300	2.23%	Short-term financing	-	Operation requirements	-	None	-	328,830,893	460,363,250	

No.	Lender	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 5)	Balance at December 31, 2018 (Note 6)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Notes 3&4)	Ceiling on total loans granted (Notes 1&4)	Footnote
6	Garuda International Limited	Hong Heng Sheng Electronical Technology	Other receivables	Yes	$ 1,535,750	$ 1,535,750	-	-	Short-term financing	$ -	Operation requirements	-	None	-	$ 10,375,146	$ 14,525,204	
6	Garuda International Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Other receivables	Yes	1,535,750	1,535,750	-	-	Short-term financing	-	Operation requirements	-	None	-	10,375,146	14,525,204	
7	Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Other receivables	Yes	3,577,683	3,577,683	1,118,026	4.35%~ 4.79%	Short-term financing	-	Operation requirements	-	None	-	405,698,650	567,978,110	
7	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Other receivables	Yes	17,888,416	17,888,416	5,388,886	4.35%	Short-term financing	-	Operation requirements	-	None	-	405,698,650	567,978,110	
7	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Other receivables	Yes	5,366,525	5,366,525	2,387,209	4.35%	Short-term financing	-	Operation requirements	-	None	-	405,698,650	567,978,110	
7	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industrial (Shenzhen) Co., Ltd	Other receivables	Yes	894,421	894,421	371,185	4.35%	Short-term financing	-	Operation requirements	-	None	-	405,698,650	567,978,110	
7	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	11,180,260	11,180,260	1,395,296	4.35%	Short-term financing	-	Operation requirements	-	None	-	405,698,650	567,978,110	

No.	Lender	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2018 (Note 5)	Balance at December 31, 2018 (Note 6)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Notes 3&4)	Ceiling on total loans granted (Notes 1&4)	Footnote
7	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	Other receivables	Yes	2,236,052	2,236,052	775,910	4.35%	Short-term financing	-	Operation requirements	-	None	-	405,698,650	567,978,110	
7	Avary Holding (Shenzhen) Co., Limited	Kui Sheng Technology (Shenzhen) Limited	Other receivables	Yes	$ 357,768	$ 357,768	-	-	Short-term financing	$ -	Operation requirements	$ -	None	$ -	$ 405,698,650	$ 567,978,110	

Note 1: Financial limit on total loans granted to others by the Group is 50% of the lent company's net assets based on their most recent audited or reviewed consolidated financial statements.
Note 2: For parties having business relationship with the Group's subsidiaries, the financial limit on loans granted to a single party is the higher of the year-to-date purchased amount or sales amount.
Note 3: For parties necessary for short-term financing, financial limit on loans granted to a single party is 40% of the lent company's net assets based on their most recent audited or reviewed consolidated financial statements.
Note 4: The policy for loans granted mutually between subsidiaries (except for Zhen Ding Technology Holding Limited and Zhen Ding Technology Co., Ltd.) of which the Company directly or indirectly holds 100% of the voting shares is limited to 700% of the lending company's net assets based on the latest audited or reviewed consolidated financial statements; limit on loans granted by a subsidiary to a single subsidiary of which the Company directly or indirectly holds 100% of its voting shares is limited to 500% of the lending company's net assets based on the latest audited or reviewed consolidated financial statements.
Note 5: Maximum amount for the period ended on the balance sheet date.
Note 6: The amount of loans granted as resolved by the Company's Board of Directors.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

HOLDING OF MARKETABLE SECURITIES AT THE END OF THE PERIOD (EXCLUDING THE INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

DECEMBER 31, 2018

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2018 Number of shares	Carrying amount (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Zhen Ding Technology Co., Ltd.	SynPower Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	2,200	$ 52,473	9.02%	$ 52,473	
The Company	GZINFU	None	Current financial assets at amortised cost, net	-	122,976	-	121,981	
The Company	BOND OF BABA	None	Current financial assets at amortised cost, net	-	30,821	-	30,550	
The Company	HUAHK	None	Current financial assets at amortised cost, net	-	92,706	-	89,662	
The Company	HACOMM	None	Current financial assets at amortised cost, net	-	31,013	-	29,613	

Note 1: In accordance with IAS 39, 'Financial instruments: recognition and measurement', marketable securities in the table refer to shares, bonds, beneficiary certificates and other related derivative securities.

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

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

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

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

ACQUISITION OR SALE OF THE SAME SECURITY WITH THE ACCUMULATED AMOUNT EXCEEDING $300 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 3

Expressed in thousands of foreign currency

					Balance at January 1, 2017		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2018	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying amount	Gain (loss) on disposal	Number of shares	Amount
Avary Holding (Shenzhen) Co., Limited	RMB An Qi Kai Fang Financial Products	Financial assets at amortised cost	Bank of China Limited	None	-	RMB -	-	RMB 700,000	-	RMB 701,135	RMB 700,000	Note 4	-	RMB -
The Company	Excellent Navigation Trade Finance Notes Series 2018-1	Financial assets at amortised cost	FG Asset Backed Note SPC	None	-	RMB -	-	USD 30,000	-	-	-	-	-	USD 30,000
The Company	Advantage Trade Finance Notes Series 2018-1	Financial assets at amortised cost	FG Asset Backed Note SPC	None	-	RMB -	-	USD 30,000	-	-	-	-	-	USD 30,000

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases or sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: The gain on disposal of the financial assets at amortised cost is interest income.

Note 5: Paid-in capital referred to herein is the paid-in capital of parent company.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

PURCHASES OR SALES OF GOODS FROM OR TO RELATED PARTIES REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	$ 49,942,518	117	60 days from the shipping date	Note 2	Note 2	$ 16,085,385	76	
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	11,315,210	27	60 days from the shipping date	Note 2	Note 2	4,595,264	22	
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	713,769	45	60 days from the shipping date	Note 2	Note 2	189,100	57	
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	1,364,237	86	60 days from the shipping date	Note 2	Note 2	144,992	43	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	29,318,856	134	60 days from the shipping date	Note 2	Note 2	8,193,835	91	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	3,165,880	14	90 days from invoice date	Note 2	Note 2	819,725	9	
Hong Heng Sheng ElectronicalTechnology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	3,480,213	127	30 days from the end of the transaction month	Note 2	Note 2	210,822	79	

Purchaser/seller	Counterparty	Relationship	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	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/accounts receivable (payable): Balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Footnote
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	Sales	$ 33,672,610	160	60 days from the shipping date	Note 2	Note 2	$ 8,698,361	98	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	481,812	2	60 days from the received date	Note 2	Note 2	25,083	-	
Qi Ding Technology Qinhuangdao Co., Ltd.	Henley International Limited	An indirect wholly-owned subsidiary	Sales	659,430	69	60 days from the received date	Note 2	Note 2	133,602	54	
Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	1,516,109	137	60 days from the received date	Note 2	Note 2	310,092	100	
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	Sales	683,794	126	90 days from the first day of next month of shipping	Note 2	Note 2	122,791	100	
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	Sales	13,874,374	17	90 days from the first day of next month of shipping	Note 2	Note 2	5,364,533	19	
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	An indirect wholly-owned subsidiary	Sales	740,425	1	90 days from the first day of next month of shipping	Note 2	Note 2	270,864	1	
Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	109,467	-	90 days from the first day of next month of shipping	Note 2	Note 2	45,558	-	
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	Sales	4,615,645	6	90 days from the first day of next month of shipping	Note 2	Note 2	4,106,968	14	

Purchaser/seller	Counterparty	Relationship	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	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/accounts receivable (payable): Balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Footnote
Garuda International Limited	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	$ 6,435,221	8	90 days from the first day of next month of shipping	Note 2	Note 2	$ 2,397,986	8	
Garuda International Limited	Interface Technology (ChengDu) Co., Ltd.	An investee company accounted for the equity method of Hon Hai	Sales	987,234	1	90 days from the first day of next month of shipping	Note 2	Note 2	96,463	-	
Garuda International Limited	CyberTAN Technology,Inc.	An investee company accounted for the equity method of Hon Hai	Sales	140,196	-	90 days from the first day of next month of shipping	Note 2	Note 2	32,604	-	
Garuda International Limited	Foxconn Interconnect Technology Limited	An investee company accounted for the equity method of Hon Hai	Sales	294,405	-	90 days from the first day of next month of received	Note 2	Note 2	111,490	-	

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

Note 2: Unless the transaction terms were determined in accordance with mutual agreements due to no similar transations, thetransaction terms to related parties weresimilar to third parties.

Note 3: Advance sales receipts.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE

DECEMBER 31, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Receivables from related parties at December 31, 2018	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	An indirect wholly-owned subsidiary	$ 16,085,385	3	$ 4,601,798	Subsequent collection	$ 12,961,432	$ -
Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	4,595,264	2	2,345,920	Subsequent collection	3,213,107	-
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	189,100	4	25,356	Subsequent collection	189,100	-
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	144,992	11	-	-	21,400	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	8,193,835	4	2,148,447	Subsequent collection	4,084,260	-
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	Garuda Technology Co., Ltd.	An indirect wholly-owned subsidiary	819,725	3	66,519	Subsequent collection	552,598	-
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	210,822	10	-	-	-	-
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	An indirect wholly-owned subsidiary	8,698,361	5	-	-	7,203,733	-

Creditor	Counterparty	Relationship	Receivables from related parties at December 31, 2018	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Qi Ding Technology Qinhuangdao Co.,Ltd.	Henley International Limited	An indirect wholly-owned subsidiary	$ 133,602	6	45,547	Subsequent collection	$ 45,547	$ -
Henley International Limited	Zhen Ding Technology Co., Ltd.	An indirect wholly-owned subsidiary	122,791	6	-	-	-	-
Kui Sheng Technology (Shenzhen) Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	310,092	5	161,266	Subsequent collection	183,631	-
Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	An indirect wholly-owned subsidiary	5,364,533	3	99,294	Subsequent collection	1,408,116	-
Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	An indirect wholly-owned subsidiary	270,864	3	25,088	Intensify collection	-	-
Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	An indirect wholly-owned subsidiary	4,106,968	2	3,772,469	Subsequent collection	364,314	-
Garuda International Limited	Foxconn (Far East) and subsidiaries	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	2,397,986	3	85,258	Subsequent collection	85,258	-
Garuda International Limited	Foxconn Interconnect Technology Limited	An investee company accounted for the equity method of Hon Hai	111,490	0	-	-	-	-

As to receivables from loans to related parties exceeding NT$100 million or 20% of issued capital, please refer to Table 1.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

SIGNIFICANT INTER-COMPANY TRANSACTIONS DURING THE REPORTING PERIODS

FOR THE YEAR ENDED DECEMBER 31, 2018

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount (Note 3)	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
0	The Company	Qi Ding Technology Qinhuangdao Co.,Ltd.	1	Other receivables	$ 307,150	Note 5	-
1	Mayco Industrial Limited	The Company	2	Other receivables	982,880	"	1
2	Pacific Fair International Limited	The Company	2	Other receivables	2,417,271	"	2
4	FAT Holdings Limited	Monterey Park Finance Limited	3	Other receivables	734,089	"	1
5	Monterey Park Finance Limited	Qi Ding Technology Qinhuangdao Co.,Ltd.	3	Other receivables	614,300	"	-
6	Avary Holding (Shenzhen) Co., Limited	Fu Bo Industry (Shenzhen) Co., Ltd	3	Other receivables	371,185	"	-
6	Avary Holding (Shenzhen) Co., Limited	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	3	Other receivables	1,118,026	"	1
6	Avary Holding (Shenzhen) Co., Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	3	Other receivables	5,388,886	"	4
6	Avary Holding (Shenzhen) Co., Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Other receivables	2,387,209	"	2
6	Avary Holding (Shenzhen) Co., Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	1,395,296	"	1
6	Avary Holding (Shenzhen) Co., Limited	Yu Ding Precision Electronics (Huaian) Co., Ltd.	3	Other receivables	775,910	"	1
6	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Sales	49,942,518	Note 8	42
6	Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	3	Accounts receivable	16,085,385	"	11
6	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Sales	11,315,210	"	10
6	Avary Holding (Shenzhen) Co., Limited	Garuda Technology Co., Ltd.	3	Accounts receivable	4,595,264	"	3
7	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Sales	713,769	"	1
7	Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Accounts receivable	189,100	"	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount (Note 3)	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
7	Hong Qun Sheng Precision Electronics (Yingkou) Co.,	Garuda International Limited	3	Sales	$ 1,364,237	Note 8	1
7	Hong Qun Sheng Precision Electronics (Yingkou) Co.,	Garuda International Limited	3	Accounts receivable	144,992	"	-
8	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	Garuda International Limited	3	Sales	29,318,856	"	25
8	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	Garuda International Limited	3	Accounts receivable	8,193,835	"	6
8	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	Garuda Technology Co., Ltd.	3	Sales	3,165,880	Note 11	3
8	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	Garuda Technology Co., Ltd.	3	Accounts receivable	819,725	"	1
9	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	3,480,213	"	3
9	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	210,822	"	-
10	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Sales	33,672,610	Note 8	29
10	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda International Limited	3	Accounts receivable	8,698,361	Note 8	6
10	Qing Ding Precision Electronics (Huaian) Co., Ltd.	Garuda Technology Co., Ltd.	3	Sales	481,812	Note 10	-
11	Qi Ding Technology Qinhuangdao Co.,Ltd.	Henley International Limited	3	Sales	659,430	"	1
11	Qi Ding Technology Qinhuangdao Co.,Ltd.	Henley International Limited	3	Accounts receivable	133,602	"	-
12	Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Sales	1,516,109	"	1
12	Kui Sheng Technology (Shenzhen) Co., Ltd.	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	310,092	"	-
13	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Sales	683,794	Note 6	1
13	Henley International Limited	Zhen Ding Technology Co., Ltd.	3	Accounts receivable	122,791	"	-
14	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Sales	13,874,374	"	12
14	Garuda International Limited	Avary Holding (Shenzhen) Co., Limited	3	Accounts receivable	5,364,533	"	4
14	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	3	Sales	740,425	"	1
14	Garuda International Limited	Hong Qi Sheng Precision Electronics (Qinhuangdao) Co.,Ltd.	3	Accounts receivable	270,864	"	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount (Note 3)	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
14	Garuda International Limited	Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	3	Sales	109,467	Note 6	-
14	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Sales	4,615,645	"	4
14	Garuda International Limited	Qing Ding Precision Electronics (Huaian) Co., Ltd.	3	Accounts receivable	4,106,968	"	3

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.
Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.
Note 3: Only the related party transactions exceeding the amount of NT$100 million or 20% paid-in capital are disclosed, and the opposite related party transactions are not disclosed.
Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is calculated based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts. All the transactions had been eliminated in the consolidated financial statements.
Note 5: Nature of other receivables and other payables are loans to (from) others. Please refer to Note 13(1) A for interest rate and limit on loans.
Note 6: The prices and terms to related parties were similar to third parties. Credit term is 90 days from the first day of next month of shipping.
Note 7: The prices and terms to related parties were similar to third parties. Credit term is 90 days from the shipping date.
Note 8: The prices and terms to related parties were similar to third parties. Credit term is 60 days from the shipping date.
Note 9: The prices and terms to related parties were similar to third parties. Credit term is 30 days from the received date.
Note 10: The prices and terms to related parties were similar to third parties. Credit term is 60 days from the received date.
Note 11: The prices and terms to related parties were similar to third parties. Credit term is 90 days from invoice date.
Note 12: The prices and terms to related parties were similar to third parties. Credit term is 30 days from invoice date.
Note 13: The prices and terms to related parties were similar to third parties. Credit term is advance sales receipts.

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTEES(EXCLUDING THE INVESTEES IN MAINLAND CHINA)

FOR THE YEAR ENDED December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance at December 31, 2018	Initial investment amount: Balance at December 31, 2017	Shares held at December 31, 2018: Number of shares	Shares held at December 31, 2018: Ownership (%)	Shares held at December 31, 2018: Carrying amount	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
The Company	Monterey Park Finance Limited	British Virgin Islands	Investment holding	24,645,120	24,645,120	802,250,000	100	64,530,374	8,985,351	8,985,351	
The Company	Zhen Ding Technology Co., Ltd.	Taiwan	Trading	125,488	125,488	12,548,800	100	3,212,294	(131,434)	(131,434)	
Monterey Park Finance Limited	Pacific Stand Enterprises Limited	Hong Kong	Investment holding	-	921,600	-	100	-	11,026	11,026	
Monterey Park Finance Limited	Coppertone Enterprises Limited	British Virgin Islands	Investment holding	3,157,580	3,157,580	102,785,806	100	54,673,590	8,808,241	8,807,279	
Monterey Park Finance Limited	Light Flash International Limited	British Virgin Islands	Investment holding	-	30,720	-	100	-	8,214	8,214	
Monterey Park Finance Limited	Pacific Fair International Limited	Hong Kong	Investment holding	8,401,920	8,401,920	2,133,300,000	100	8,740,545	994,716	994,716	
Monterey Park Finance Limited	Henley International Limited	Hong Kong	Trading	-	-	1	100	14,322	15,232	15,232	
Coppertone Enterprises Limited	Mayco Industrial Limited	Hong Kong	Investment holding	36,713,716	36,713,716	9,321,841,932	100	54,617,639	8,808,552	8,808,552	
Zhen Ding Technology Co., Ltd.	FAT Holdings Limited	Cayman Islands	Investment holding	154	154	5,000	100	746,213	8,289	8,289	
Avary Holding (Shenzhen) Co., Limited	Garuda International Limited	Hong Kong	Trading	307,200	307,200	78,000,000	73	1,297,177	546,760	189,887	
Garuda International Limited	Garuda Technology Co., Ltd.	Taiwan	Trading	25,000	25,000	2,500,000	73	(258,027)	(399,289)	(306,416)	

ZHEN DING TECHNOLOGY HOLDING LIMITED AND SUBSIDIARIES

INFORMATION ON THE INVESTMENTS IN MAINLAND CHINA

FOR THE YEAR ENDED December 31, 2018

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 2）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net profit(loss) of investee for the year ended December 31, 2018	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the year ended December 31, 2018 （Note 3）	Carrying amount of investments as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Hong Qun Sheng Precision Electronics (Yingkou) Co., Ltd.	Manufacture and sales of PCB	$ 3,192,268	2	$ -	$ -	$ -	$ -	($ 560,612)	73	($ 430,216)	$ 218,843	$ -	
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacture and sales of PCB	7,770,328	2	-	-	-	-	4,474,266	73	3,407,376	11,670,354	-	
Hong Heng Sheng Electronical Technology (Huaian) Co., Ltd.	Manufacture and sales of PCB	4,144,021	2	-	-	-	-	(552,576)	73	(424,049)	627,918	-	
New Creation Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	-	2	-	-	-	-	(4,170)	73	(3,200)	-	-	
Avary Holding (Shenzhen) Co., Limited	Manufacture and sales of PCB	10,338,642	2	-	-	-	-	13,279,273	73	10,190,570	59,086,357	-	
Fu Bo Industrial (Shenzhen) Co., Ltd.	Manufacture and sales of PCB	492,325	2	-	-	-	-	29,696	73	22,789	442,240	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 2)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018 — Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018 — Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net profit(loss) of investee for the year ended December 31, 2018	Ownership held directly or indirectly by the Company	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 3)	Carrying amount of investments as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
Yu Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	$ 1,077,685	2	$ -	$ -	$ -	$ -	($ 5,038)	73	($ 3,866)	$ 702,859	$ -	
Qing Ding Precision Electronics (Huaian) Co., Ltd.	Manufacture and sales of PCB	6,935,242	2	-	-	-	-	2,918,885	73	2,224,378	8,075,199	-	
Qi Ding Technology Qinhuangdao Co.,Ltd.	Development, manufature and sales of electronic products	1,226,003	2	-	-	-	-	(854,401)	100	(854,401)	1,154,718	-	
Kui Sheng Technology (Shenzhen) Limited	Manufacture and sales of PCB	89,457	2	-	-	-	-	14,999	73	11,510	78,053	-	
Yun Ding Technology (Shenzhen) Limited	Manufacture and sales of PCB	22,364	2	-	-	-	-	68	73	52	16,008	-	

Note 1: The amounts in the table are shown in New Taiwan Dollars. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates at the balance sheet date.
Note 2: The methods of investments to PRC are as follows:
(1) The Group remits its own funds directly to the investee companies located in PRC
(2) Investee company, Monterey Park Finance Limited (B.V.I.), established by the Company that is located outside of Taiwan and PRC remits its own funds directly to the investee companies located in PRC.
(3) Others
Note 3: The columns investment income (loss) recognised by the Company for the year ended December 31,2018 were based on the audited financial statements of the investees in Mandland China for the same period.