CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000021

To the Board of Directors and Stockholders of Cheng Uei Precision Industry Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Cheng Uei Precision Industry Co., Ltd. and subsidiaries (the "Group") as at March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(7), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent accountants. Those statements reflect total assets of NT$16,877,554 thousand and NT$12,880,424 thousand, constituting 26.89% and 21.34% of the consolidated total assets, and total liabilities of NT$3,993,419 thousand and NT$3,623,424 thousand, constituting 10.64% and 7.39% of the consolidated total liabilities as at March 31, 2018 and 2017, and total comprehensive income of NT$11,078 thousand and NT$416,663 thousand, constituting (2.32%) and 36.89% of the consolidated total comprehensive (loss) income for the three months then ended.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews and the reports of other independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Other matter- Using the work of other auditors

We did not review the financial statements of certain consolidated subsidiaries. Those financial statements were reviewed by other independent accountants, whose reports thereon have been furnished to us, and our report expressed herein, insofar as it relates to the amounts included in the financial statements was based solely on the review reports of other independent accountants, which statements reflect total assets of NT$5,066,395 thousand and NT$6,569,148 thousand, constituting 8.07% and 10.88% of the consolidated total assets, and total liabilities of NT$3,397,463 thousand and NT$2,207,361 thousand, constituting 9.05% and 6.42% of the consolidated total liabilities as at March 31, 2018 and 2017, and total operating revenues of NT$720,020 thousand and NT$560,694 thousand, constituting 3.79% and 3.09% of the consolidated total operating revenues for the three months then ended.

Lin, Se-Kai   Chou, Hsiao-Tzu

For and on behalf of PricewaterhouseCoopers, Taiwan

May 15, 2018

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

			March 31, 2018		December 31, 2017		March 31, 2017	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	CURRENT ASSETS							
1100	Cash and cash equivalents	6(1) and 8	$ 7,042,780	11	$ 7,631,619	11	$ 5,713,857	10
1110	Financial assets at fair value through profit or loss - current	6(2), 12(3)(4)	9,219	-	318	-	-	-
1144	Financial assets carried at cost - current	12(4)	-	-	392	-	442	-
1147	Investments in debt instrument without active market - current	12(4)	-	-	8,536	-	8,657	-
1150	Notes receivable, net		48,310	-	56,248	-	50,247	-
1170	Accounts receivable, net	6(4) and 12(4)	9,696,943	15	15,178,517	22	10,820,380	18
1180	Accounts receivable, net - related parties	7	609,390	1	689,312	1	840,583	1
1200	Other receivables	6(5)	451,537	1	261,879	-	156,536	-
1210	Other receivables - related parties	7	70,060	-	83,086	-	293,046	1
1220	Current income tax assets	6(26)	2,473	-	2,467	-	10,643	-
130X	Inventories, net	6(6)	11,096,530	18	11,400,328	17	9,028,804	15
1410	Prepayments		1,367,195	2	1,778,352	3	804,072	1
1470	Other current assets	6(1) and 8	681,140	1	712,575	1	433,184	1
11XX	**TOTAL CURRENT ASSETS**		31,075,577	49	37,803,629	55	28,160,451	47
	NON-CURRENT ASSETS							
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	569,279	1	-	-	-	-
1523	Available-for-sale financial assets - non-current	6(3), 12(3)(4)	-	-	-	-	886,326	2
1543	Financial assets carried at cost-non-current	12(4)	-	-	628,114	1	660,421	1
1550	Investments accounted for under equity method	6(7)	5,945,651	10	6,000,123	9	5,636,504	9
1600	Property, plant and equipment, net	6(8)	20,031,838	32	19,529,163	29	19,072,647	32
1760	Investment property, net	6(9)	226,997	-	237,793	-	262,491	-
1780	Intangible assets, net	6(10)	991,182	2	1,004,301	1	2,608,027	4
1840	Deferred income tax assets	6(26)	102,241	-	135,537	-	244,545	-
1915	Prepayments for business facilities		754,594	1	817,258	1	461,220	1
1990	Other non-current assets, others	6(11) and 8	3,077,339	5	2,455,839	4	2,359,628	4
15XX	**TOTAL NON-CURRENT ASSETS**		31,699,121	51	30,808,128	45	32,191,809	53
1XXX	**TOTAL ASSETS**		$ 62,774,698	100	$ 68,611,757	100	$ 60,352,260	100

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

			March 31, 2018		December 31, 2017		March 31, 2017	
	LIABILITIES AND EQUITY	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	CURRENT LIABILITIES							
2100	Short-term borrowings	6(12)	$ 3,689,773	6	$ 3,194,456	5	$ 8,455,459	14
2130	Current contract liabilities	6(20) and 12(5)	394,618	1	-	-	-	-
2150	Notes payable		3,140	-	11,101	-	2,161	-
2170	Accounts payable		13,288,774	21	18,247,169	27	10,560,574	18
2180	Accounts payable - related parties	7	342,472	-	420,465	1	292,317	1
2200	Other payables	6(13)	4,862,431	8	6,195,233	9	5,548,040	9
2230	Current income tax liabilities	6(26)	132,475	-	308,904	-	194,566	-
2365	Current refund liabilities	12(5)	26,863	-	-	-	-	-
2399	Other current liabilities, others	12(5)	1,347,424	2	996,590	1	665,743	1
21XX	**TOTAL CURRENT LIABILITIES**		24,087,970	38	29,373,918	43	25,718,860	43
	NON-CURRENT LIABILITIES							
2540	Long-term borrowings	6(14)	10,351,189	17	10,433,539	15	5,977,924	10
2570	Deferred income tax liabilities	6(26)	593,778	1	616,820	1	721,257	1
2600	Other non-current liabilities	6(7)(15)	2,499,900	4	2,467,814	4	1,978,672	3
25XX	**TOTAL NON-CURRENT LIABILITIES**		13,444,867	22	13,518,173	20	8,677,853	14
2XXX	**TOTAL LIABILITIES**		37,532,837	60	42,892,091	63	34,396,713	57
	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT							
	Capital stock	6(16)						
3110	Common stock		5,123,269	8	5,123,269	7	5,123,269	9
	Capital reserve	6(17)						
3200	Capital surplus		9,468,667	15	9,468,665	14	9,434,481	16
	Retained earnings							
3310	Legal reserve		2,609,021	4	2,609,021	4	2,529,745	4
3320	Special reserve		665,206	1	665,206	1	665,206	1
3350	Unappropriated earnings	6(18)	5,910,814	9	6,338,675	9	5,971,256	10
	Other equity	6(19)						
3400	Other equity interest		(812,154)	(1)	(843,090)	(1)	(1,008,646)	(2)
31XX	**Equity attributable to owners of the parent**		22,964,823	36	23,361,746	34	22,715,311	38
36XX	**Non-controlling interests**		2,277,038	4	2,357,920	3	3,240,236	5
3XXX	**TOTAL EQUITY**		25,241,861	40	25,719,666	37	25,955,547	43
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 62,774,698	100	$ 68,611,757	100	$ 60,352,260	100

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

	Items	Notes	Three months ended March 31			
			2018		2017	
			AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(20) and 7	$ 18,973,974	100	$ 18,164,653	100
5000	**Operating costs**	6(6)(24)(25) and 7	(17,584,830)	(92)	(16,309,810)	(90)
5900	**Gross profit**		1,389,144	8	1,854,843	10
	Operating expenses	6(24)(25)(28)				
6100	Sales and marketing expenses		(508,905)	(3)	(489,552)	(3)
6200	General and administrative expenses		(1,045,119)	(5)	(971,668)	(5)
6300	Research and development expenses		(487,512)	(3)	(503,797)	(3)
6450	Reversal of impairment loss	12(2)	12,583	-	-	-
6000	**Total operating expenses**		(2,028,953)	(11)	(1,965,017)	(11)
6900	**Operating loss**		(639,809)	(3)	(110,174)	(1)
	Non-operating income and expenses					
7010	Other income	6(21) and 7	142,313	1	144,438	1
7020	Other gains and losses	6(22)	(42,527)	-	184,516	1
7050	Finance costs	6(23)	(68,206)	(1)	(79,529)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	45,909	-	35,730	-
7000	**Total non-operating income and expenses**		77,489	-	285,155	2
7900	**(Loss) income before income tax**		(562,320)	(3)	174,981	1
7950	Income tax benefit (expense)	6(26)	41,501	-	(113,609)	(1)
8200	**Net (loss) income**		($ 520,819)	(3)	$ 61,372	-

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

	Items	Notes	Three months ended March 31 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other comprehensive income, net					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized gain on equity instrument at fair value through other comprehensive profit or loss	6(3)	($ 86,500)	-	$ -	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(127,363)	(1)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	1,670	-	-	-
8310	**Total components of other comprehensive (loss) income that will not be reclassified to profit or loss**		(212,193)	(1)	-	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences arising on translation of foreign operations	6(19)	295,330	1	(754,256)	(4)
8362	Unrealised (loss) gain on valuation of available-for-sale financial assets	6(2)(19)	-	-	(531,523)	(3)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		44,084	-	(45,076)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	(84,209)	-	140,098	1
8360	**Total components of other comprehensive income(loss) that will be reclassified to profit or loss**		255,205	1	(1,190,757)	(6)
8300	**Other comprehensive income (loss), net**		$ 43,012	-	($ 1,190,757)	(6)
8500	**Total comprehensive loss for the period**		($ 477,807)	(3)	($ 1,129,385)	(6)
	Net (loss)income attributable to:					
8610	Shareholders of the parent		($ 505,841)	(3)	$ 96,930	-
8620	Non-controlling interests		(14,978)	-	(35,558)	-
	Total		($ 520,819)	(3)	$ 61,372	-
	Total comprehensive loss attributable to:					
8710	Shareholders of the parent		($ 396,925)	(3)	($ 921,405)	(5)
8720	Non-controlling interests		(80,882)	-	(207,980)	(1)
	Total		($ 477,807)	(3)	($ 1,129,385)	(6)
	Basic earnings per share (in dollars)	6(27)				
9750	**Total basic earnings per share**		($ 0.99)		$ 0.19	
	Diluted earnings per share (in dollars)	6(27)				
9850	**Total diluted earnings per share**		($ 0.99)		$ 0.19	

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent										
				Retained Earnings			Other equity interest					
	Notes	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealised loss from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss from available-for-sale financial assets	Total equity attributable to shareholders of the parent	Non-controlling interest	Total equity
Three months ended March 31, 2017												
Balance at January 1, 2017		$ 5,123,269	$ 9,434,481	$ 2,529,745	$ 665,206	$ 5,874,326	($ 1,083,745)	$ -	$ 1,093,434	$ 23,636,716	$ 3,448,216	$ 27,084,932
Other comprehensive loss for the period	6(19)	-	-	-	-	-	(539,116)	-	(479,219)	(1,018,335)	(172,422)	(1,190,757)
Net income (loss) for the period		-	-	-	-	96,930	-	-	-	96,930	(35,558)	61,372
Balance at March 31, 2017		$ 5,123,269	$ 9,434,481	$ 2,529,745	$ 665,206	$ 5,971,256	($ 1,622,861)	$ -	$ 614,215	$ 22,715,311	$ 3,240,236	$ 25,955,547
Three months ended March 31, 2018												
Balance at January 1, 2018		$ 5,123,269	$ 9,468,665	$ 2,609,021	$ 665,206	$ 6,338,675	($ 907,821)	$ -	$ 64,731	$ 23,361,746	$ 2,357,920	$ 25,719,666
Adjustments under new standards	3(1)	-	-	-	-	76,271	-	(11,540)	(64,731)	-	-	-
Balance at January 1 after restatement		5,123,269	9,468,665	2,609,021	665,206	6,414,946	(907,821)	(11,540)	-	23,361,746	2,357,920	25,719,666
Adjustments to share of changes in equity of associates and joint ventures accounted for using equity method	6(17)	-	2	-	-	-	-	-	-	2	-	2
Other comprehensive income (loss) for the period	6(19)	-	-	-	-	1,709	271,489	(164,282)	-	108,916	(65,904)	43,012
Net loss for the period		-	-	-	-	(505,841)	-	-	-	(505,841)	(14,978)	(520,819)
Balance at March 31, 2018		$ 5,123,269	$ 9,468,667	$ 2,609,021	$ 665,206	$ 5,910,814	($ 636,332)	($ 175,822)	$ -	$ 22,964,823	$ 2,277,038	$ 25,241,861

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 562,320)	$ 174,981
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealized gain on financial assets at fair value through profit or loss	6(2)	(170)	-
Depreciation (including investment property)	6(8)(9)(24)	730,774	810,844
Amortisation (including long-term prepaid rent amortisation)	6(10)(11)(24)	14,721	23,752
Reversal of impairment loss	6(4) and 12(2)	(12,583)	-
Gain on bad debt recoveries	6(4)	-	(32,813)
Interest expense	6(23)	68,206	79,529
Interest income	6(21)	(15,620)	(18,806)
Share of profit of associates accounted for using the equity method	6(7)	(45,909)	(35,730)
Loss on disposal of property, plant and equipment	6(22)	51,886	10,103
Gain on disposal of investments	6(22)	-	(312,178)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		7,938	15,406
Accounts receivable		5,493,843	4,473,369
Accounts receivable from related parties		79,922	281,717
Other receivables		(189,658)	136,811
Other receivables from related parties		13,026	27,146
Inventories		303,106	158,493
Prepayments		411,157	381,479
Other current assets		6,396	24,368
Other non-current assets		(621,500)	(154,028)
Changes in operating liabilities			
Contract liabilities		394,618	-
Notes payable		(7,961)	(2,332)
Accounts payable		(4,958,395)	(3,063,249)
Accounts payable to related parties		(77,993)	(62,525)
Other payables		(1,094,176)	(1,285,974)
Refund liability		26,863	-
Other current liabilities		265,122	(523,294)
Other non-current liabilities		32,291	(68,965)
Cash inflow generated from operations		313,584	1,038,104
Interest received		15,620	18,806
Interest paid		(66,039)	(82,467)
Income tax paid		(207,213)	(196,392)
Net cash flows from operating activities		55,952	778,051

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CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31, 2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	12(2)	($ 736)	$ -
Proceeds from disposal of available - for - sale financial assets		-	321,134
Proceeds from disposal of long-term equity investments		-	11,011
Acquisition of property, plant and equipment	6(29)	(1,276,017)	(726,770)
Proceeds from disposal of property, plant and equipment	6(8)	55,375	35,559
Acquisition of intangible assets	6(10)	(11,455)	(21,037)
Proceeds from disposal of intangible assets	6(10)	197	-
Decrease in other current assets		25,039	127,388
Decrease in prepayments for business facilities		57,185	151,768
Net cash flows used in investing activities		(1,150,412)	(100,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short - term borrowings	6(30)	499,094	(282,550)
Increase in long-term borrowings	6(30)	1,470,000	5,600,000
Repayment of long - term borrowings	6(30)	(1,466,638)	(6,607,939)
Net cash flows from (used in) financing activities		502,456	(1,290,489)
Effect of change in exchange rates		3,165	(173,192)
Net decrease in cash and cash equivalents		(588,839)	(786,577)
Cash and cash equivalents at beginning of period	6(1)	7,631,619	6,500,434
Cash and cash equivalents at end of period	6(1)	$ 7,042,780	$ 5,713,857

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

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, Except as otherwise indicated)
(Unaudited)

1. HISTORY AND ORGANIZATION

Cheng Uei Precision Industry Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on July 14, 1986 and has begun operations on July 31, 1986. The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the manufacture of cable assemblies, connectors, battery packs, and power modules. Effective September 1999, the shares of the Company were listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were reported to the Board of Directors on May 15, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	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
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

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

A. IFRS 9, 'Financial instruments'

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

B. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer.

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. In adopting the new standards endorsed by the FSC effective from 2018, the Group applied the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. Further, the Group has elected to adopt IFRS 15 using the modified retrospective approach. The significant effects of applying the new standards as of January 1, 2018 are summarised below:

(a) In accordance with IFRS 9, the Group reclassified financial assets at cost in the amounts of $628,114, and made an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income, decreasing other equity interest and increasing retained earnings in the amounts of $76,271 and $76,271, respectively.

(b) In accordance with IFRS 9, the Group reclassified investments in debt instruments without active market and financial assets at cost of $8,536 and $392, respectively, by increasing financial assets at fair value through profit or loss in the amount of $8,928.

(c) Presentation of contract assets and contract liabilities

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

i. Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as contract liabilities, but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet. As of January 1, 2018, the balance would amount to $54,284.

ii. Under IFRS 15, liabilities in relation to sales contracts of products are recognised as contract liabilities, but were previously presented as other current liabilities the balance sheet. As of January 1, 2018, the balance would amount to $397,749.

(d) Please refer to Note 12 (4) (5) for other disclosures in relation to the first application of IFRS 15.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
Amendments to IFRS 10 and IAS28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

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

The Group will adopt the modified retrospective transitional provisions of IFRS 16 'Lease', and classify the effects on the lease contract of lessee to January 1, 2019 in accordance with IFRS 16.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation and additional descriptions that are set out below, the rest of the principal accounting policies applied in the preparation of these consolidated financial statements are the same as those disclosed in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2017. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards 34, "Interim Financial Reporting".

B. The consolidated financial statements as of and for the three months ended March 31, 2018 should be read together with the consolidated financial statements as of and for the year ended December 31, 2017.

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

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

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 and the first quarter of 2017 was not restated. The financial statements for the year ended December 31, 2017 and the first quarter of 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis applied in these consolidated financial statements is consistent with that applied in the consolidated financial statements for the year ended December 31, 2017.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)			
Name of investor	Name of subsidiary	Main business activities	March 31, 2018	December 31, 2017	March 31, 2017	Description
The Company	CU International Ltd. (CU)	Manufacture of electronic telecommunication components and reinvestment business	100	100	100	Note 14
The Company	Culink International Ltd. (CULINK)	Reinvestment business	100	100	100	
The Company	Foxlink International Investment Ltd. (FII)	General investments holding	100	100	100	Note 14
The Company	Fu Uei International Investment Ltd. (FUII)	General investments holding	100	100	100	Note 14
The Company	Darts Technologies Corporation (Darts)	Manufacture of electronic telecommunication and wireless components	97	97	97	
The Company	Foxlink (Vietnam) Inc.	Manufacture of electronic telecommunication components	100	100	100	
The Company	Du Precision Industry Co., Ltd. (Du Precision)	Manufacture of electronic telecommunication components	100	100	100	
The Company	Foxlink Technology Ltd. (Foxlink Tech)	Holding company	100	100	100	
The Company	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	47.77	47.77	47.77	
The Company	Suntain Co., Ltd.	Electroplating processing services	100	100	100	
CU	Fugang Electronic (Dong Guan) Co., Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	100	Note 14
CU	New Start Industries Ltd. (NEW START)	Reinvestment business	100	100	100	
CU	Fugang Electric (KunShan) Co., Ltd. (FGEKS)	Manufacture of electronic telecommunication components	100	100	100	Note 14
CU	Dong Guan Fu Shi Chang Co., Ltd. (FSC)	Manufacture of electronic telecommunication components	100	100	100	
CU	Foxlink Electronics (Dong Guan) Co., Ltd. (FEDG)	Manufacture of electronic telecommunication components	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%) March 31, 2018	Ownership(%) December 31, 2017	Ownership(%) March 31, 2017	Description
CU	Culink (Tian Jin) Co., Ltd. (CTJ)	Manufacture of electronic telecommunication components	25	25	25	
CU	Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Manufacture of electronic telecommunication components	83.17	83.17	88.44	Note 5, 14
CU	Neosonic Energy Technology (Tianjin) Ltd. (NE)	Manufacture of electronic telecommunication components	100	100	100	
CU	Foxlink Automotive Technology (Kunshan) Co., Ltd. (KAFE)	Manufacture of electronic telecommunication components	50	50	100	Note 11
CU	Future Victory Ltd. (FUTURE VICTORY)	Reinvestment business	-	-	100	Note 3
CU	Solteras Limited	General investments holding	100	100	100	
CU	Fu Shi Neng Electronics (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
CU	Fu Shi Xiang Research & Development Center (Kun Shan) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
CU	Fu Gang Electronic (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	72	72	72	Note 12
CU	Fugang Electric (YANCHENG) Co., Ltd.	Manufacture of electronic telecommunication components	80	80	80	
CU	Fuqiang Electric (YANCHENG) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
CU	Fugang Electric (MAANSHAN) Co., Ltd.	Manufacture of electronic telecommunication components	66.67	66.67	64.18	Note 8
CU	Kunshan Fugang Investment Co., Ltd. (Kunshan Fugang Investment)	General investments holding	100	100	100	
CU	Foxlink Technical India Private Limited (Foxlink India)	Manufacture of electronic telecommunication components	99	99	-	Note 2, 10
NEW START	Foxlink TianJin Co., Ltd. (FTJ)	Manufacture of electronic telecommunication components	100	100	100	
NEW START	Culink (Tian Jin) Co., Ltd. (CTJ)	Manufacture of electronic telecommunication components	75	75	75	

Name of investor	Name of subsidiary	Main business activities	Ownership(%) March 31, 2018	Ownership(%) December 31, 2017	Ownership(%) March 31, 2017	Description
NEW START	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	26.64	26.64	26.64	
FTJ	Shang Hai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	46.93	46.93	46.93	
FTJ	Foxlink Automotive Technology (Kunshan) Co., Ltd. (KAFE)	Manufacture of electronic telecommunication components	50	50	-	Note 11
FTJ	Fu Gang Electronic (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	28	28	-	Note 12
CULINK	Pacific Wealth Limited (PACIFIC WEALTH)	Holding company and reinvestment business	100	100	100	
CULINK	Foxlink Technical India Private Limited (Foxlink India)	Manufacture of electronic telecommunication components	1	1	-	Note 2, 10
CULINK	FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED (FOXLINK POWERBANK)	Manufacture of electronic telecommunication components	1	-	-	Note 1, 13
PACIFIC WEALTH	Foxlink International Inc. (FOXLINK)	Sales agent	100	100	100	Note 14
Kunshan Fugang Investment	Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Manufacture of electronic telecommunication components	16.83	16.83	11.56	Note 5, 14
Kunshan Fugang Investment	Fuqiang Electric (MAANSHAN) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
Kunshan Fugang Investment	FUGANG ELECTRIC (MAANSHAN) CO., LTD. (FUGANG MAANSHAN)	Manufacture of electronic telecommunication components	33.33	33.33	35.82	Note 8
FII	Link Media Co., Ltd. (LM)	Manufacture of electronic telecommunication components	100	100	100	
FII	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and flexible printed circuit	69.56	69.56	69.56	
FII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	50.03	50.03	50.03	
FII	Power Quotient International Co., Ltd. (PQI)	Manufacture of electronic telecommunication components	9.22	9.22	9.22	Note 6, 14

Name of investor	Name of subsidiary	Main business activities	Ownership(%) March 31, 2018	Ownership(%) December 31, 2017	Ownership(%) March 31, 2017	Description
FII	Shin Ke International Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
WCT	Value Success Limited (VALUE SUCCESS)	Holding company and reinvestment business	100	100	100	
VALUE SUCCESS	Capital Guardian Limited (CAPITAL)	Holding company and reinvestment business	100	100	100	
CAPITAL	World Circuit Technology (Hong Kong) Limited (WCTHK)	Holding company and reinvestment business	100	100	100	
WCTHK	Shanghai World Circuit Technology Co., Ltd. (SHWCT)	Manufacture of electronic telecommunication components	53.07	53.07	53.07	
Darts	Benefit Right Ltd. (BENEFIT)	Reinvestment business	100	100	100	
BENEFIT	Power Channel Limited (POWER)	Reinvestment business	64.25	64.25	64.25	
FUTURE VICTORY	Darts Technologies (Shang Hai) Co., Ltd. (DTSH)	Development communication equipment	-	-	100	Note 3
Du Precision	Ce Link International Ltd. (CELINK)	Manufacture of electronic telecommunication components	100	100	100	
SOLTERAS LIMITED	Solteras Inc. (SOLTERAS)	Manufacture of electronic telecommunication components	25.59	25.59	25.59	
FUII	Studio A Inc. (Studio A)	Manufacture of electronic telecommunication components	51	51	51	
FUII	VA Product Inc.	Manufacture of electronic telecommunication components	75.63	75.63	75.63	
FUII	Proconn Technology Co., Ltd. (PROCONN)	Manufacture of electronic telecommunication components	1.3	1.3	1.3	
FUII	Zhi De Investment Co., Ltd. (Zhi De Investment)	General investments holding	100	100	100	
FUII	Shinfox Co., Ltd. (Shinfox)	Mechanical installation and piping engineering	57.17	57.17	57.17	
Zhi De Investment	Power Quotient International Co., Ltd. (PQI)	Manufacture of electronic telecommunication components	33.34	33.34	33.34	Note 6, 14
Shinfox	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	10.71	10.71	10.71	Note 9
Shinfox	Shinfox Energy International Inc. (SHINFOX ENERGY)	Energy service management	40	40	40	Note 7
Shinfox	Kinmen Gas Co., Ltd.	Energy service management	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%) March 31, 2018	Ownership(%) December 31, 2017	Ownership(%) March 31, 2017	Description
Shinfox	KUNSHAN JIUWEI INFO TECH CO.,LTD.	Supply chain finance energy service management	100	100	-	Note 2
PROCONN	Advance Electronic Ltd. (Advance Electronic)	General investments holding	100	100	100	
PROCONN	Byford International Ltd. (BYFORD)	General international trade	100	100	100	
PROCONN	Media Universe Inc. (MEDIA UNIVERSE)	General international trade	100	100	100	
ADVANCE ELECTRONIC	Proconn Technology Co., Ltd. (PROCONN)	General investments holding	100	100	100	
ADVANCE ELECTRONIC	Smart Technology International Ltd. (SMART)	General investments holding	100	100	100	
PROCONN	Proconn Electron Technology (Shenzhen) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	
SMART	SUZHOU YUHANG ELECTONICS TECH. CO., LTD.	Manufacture of electronic telecommunication components	100	100	100	
Studio A	Jing Sheng Technology Co., Ltd.	Sale of electronic telecommunication components	100	100	100	
Studio A	Studio A Technology Limited (Studio A Hong Kong)	Sale of electronic telecommunication components	51	51	51	
Studio A	Ashop Co., Ltd. (ASHOP)	Sale of electronic telecommunication components	58	58	58	
Studio A	Jing Jing Technology Co., Ltd. (Jing Jing)	Sale of electronic telecommunication components	100	100	100	
Studio A Hong Kong	Studio A Macau Limited	Sale of electronic telecommunication components	100	100	100	
FGEKS	Kunshan Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	51	51	51	
Kunshan Fugang Electric Trading Co., Ltd.	Shanghai Fugang Electric Trading Co., Ltd.	Sale of electronic telecommunication components	100	100	100	
Kunshan Fugang Electric Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	Sale of electronic telecommunication components	100	100	100	
PQI	Power Quotient International (H.K.) Co., Ltd. (PQI H.K.)	Sale of electronic telecommunication components	100	100	100	
PQI	Pqi Japan Co., Ltd. (PQI JAPAN)	Sale of electronic telecommunication components	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership(%) March 31, 2018	Ownership(%) December 31, 2017	Ownership(%) March 31, 2017	Description
PQI	Syscom Development Co., Ltd. (SYSCOM)	Specialized investments holding	100	100	100	
PQI	Apix Limited (APIX)	Specialized investments holding	100	100	100	Note 14
PQI	PQI Mobility Inc. (PQI MOBILITY)	Specialized investments holding	100	100	100	
PQI	Power Sufficient International Co., Ltd.	Sale of medical instruments	100	100	100	
PQI	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	89.29	89.29	-	Note 9
SYSCOM	Power Quotient International (SHANGHAI) Co., Ltd. (PQI SHANGHAI)	Sale of electronic telecommunication components	100	100	100	
SYSCOM	Pqi Corporation (PQI USA)	Sale of electronic telecommunication components	100	100	100	
SYSCOM	FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED (FOXLINK POWERBANK)	Manufacture of electronic telecommunication components	99	-	-	Note 1, 13
PQI MOBILITY	Power Quotient Technology (YANCHENG) Co., Ltd. (PQI YANCHENG)	Manufacture of electronic telecommunication components	100	100	100	
APIX Limited	Sinocity Industries Limited (Sinocity)	Sale of electronic telecommunication components	100	100	100	Note 4, 14
APIX Limited	Perennial Ace Limited	Specialized investments holding	100	100	100	
Sinocity	DG LIFESTYLE STORE LIMITED (DG)	Sale of 3C products	100	100	100	Note 4, 14
PERENNIAL	Studio A Technology Limited (Studio A Hong Kong)	Sale of 3C products	24.50	24.50	24.50	
PQI YANCHENG	Kunshan Oderea Trading Co., Ltd.(Kunshan Oderea)	Sale of 3C products	100	100	100	
PQI YANCHENG	Jiangsu Foxlink New Energy Technology Co., Ltd. (Jiangsu Foxlink)	Manufacture of electronic telecommunication components	100	100	100	
JIANGSU FOXLINK	Donghai County Cheng Uei Travel Industry Co., Ltd.	Leasing and operating the held properties	100	100	100	Note 2

Note 1: Investment or incorporation began in 2018.

Note 2: Investment or incorporation began in 2017.

Note 3: Dissolved or liquidated in 2017.

Note 4: Sinocity and DG are subsidiaries of PQI in Hong Kong and Macau, respectively, with balance sheet date of March 31. For the preparation of consolidated financial statements, PQI had required Sinocity and DG as consolidated entities to prepare financial statements with balance sheet date on December 31 to conform to the balance sheet date of the consolidated financial statements.

Note 5: CU has participated in DGFQ's capital increase on January 4 and September 21, 2017 and held 83.17% shares in DGFQ. CU along with Kunshan Fugang Investment hold 100% of shares in DGFQ.

Note 6: The Group holds 42.56% of shares in PQI. However, the Group has obtained more than half of the seats on the Board of Directors, so the Group is substantively determined as having control over PQI.

Note 7: The Group holds 40% of shares in SHINFOX ENERGY. However, the Group has obtained more than half of the seats on the Board of Directors, so the Group is substantively determined as having control over SHINFOX ENERGY.

Note 8: On March 17, 2017, CU and Kunshan Fugang Investment increased investment in FUGANG MAANSHAN and held 66.67% and 33.33% shares, respectively. Both held 100% shares in total.

Note 9: PQI has participated in Foxwell Energy's capital increase for 600,000 thousand on April 27, 2017. After the capital increase, PQI and Shinfox held 89.29% and 10.71% shares, respectively. Both held 100% shares in total.

Note 10: On December 28, 2017, CU and CULINK jointly invested in Foxlink Technical India, and acquired 99% and 1% ownership, respectively. Both held 100% shares in total.

Note 11: FTJ has participated in KAFE's capital increase on December 29, 2017 and held 50% shares in KAFE. FTJ along with CU hold 100% of shares in KAFE.

Note 12: FTJ has participated in FENC's capital increase on December 29, 2017 and held 28% shares in FENC. FTJ along with CU hold 100% of shares in FENC.

Note 13: On January 16 2018, CULINK and SYSCOM jointly invested in Foxlink Powerbank, and acquired 99% and 1% ownership, respectively. Both held 100% shares in total.

Note 14：For the three months ended March 31, 2018 and 2017, except for financial statements of CU, FII, FUII, Zhi De Investment, FGEDG, FGEKS, DGFQ and FOXLINK which were reviewed by independent accountants, and PQI, APIX and Sinocity which were reviewed by other independent accountants, the financial statements of other subsidiaries were not reviewed because they did not meet the definition of significant subsidiaries.

C. Subsidiaries not included in the consolidated financial statements:

Investor	Subsidiary	Main activity	Ownership(%) March 31, 2018	December 31, 2017	March 31, 2017	Description
Foxlink International Investment Ltd. (FII)	World Circuit Technology Co., Ltd. (WCT)	Manufacture of electronic telecommunication components and electronic machinery equipment	75	75	75	Note 1
Studio A Inc. (Studio A)	Tayih Digital Technology Co., Ltd. (TAYIH)	Manufacture of electronic telecommunication components	60	60	60	Note 2

Note 1: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on October 5, 2004 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

Note 2: The ratio of total assets to the Company's total assets was insignificant, and it was approved by the Ministry of Economic Affairs on July 7, 2010 to be dissolved and is currently undergoing liquidation procedures. Thus, this subsidiary was not included in the consolidated financial statements.

D. Adjustments for subsidiaries with different balance sheet dates:

Sinocity and DG are subsidiaries of PQI in Hong Kong and Macau, respectively, with balance sheet date on March 31. For the preparation of consolidated financial statements, PQI had required Sinocity and DG as consolidated entities to prepare financial statements with balance sheet date of December 31 to conform with the balance sheet date of the Group.

E. Significant restrictions: None.

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

As of March 31, 2018, December 31, 2017 and March 31, 2017, the non-controlling interest amounted to $2,277,038, $2,357,920 and $3,240,236, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest					
		March 31, 2018		December 31, 2017		March 31, 2017	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
PQI	Taiwan	$ 1,561,081	57.44	$ 1,639,969	57.44	$ 2,559,649	57.44

Summarized financial information of the subsidiaries:

Balance sheets

	PQI		
	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 2,174,185	$ 2,346,132	$ 1,547,127
Non-current assets	4,177,755	3,697,303	5,177,716
Current liabilities	(2,513,103)	(2,051,198)	(1,463,490)
Non-current liabilities	(1,465,078)	(1,482,022)	(805,479)
Total net assets	$ 2,373,759	$ 2,510,215	$ 4,455,874

Statements of comprehensive income

	PQI	
	Three months ended March 31,	
	2018	2017
Revenue	$ 748,917	$ 565,142
Loss before income tax	(33,047)	(34,496)
Income tax benefit	(6,334)	(4,818)
Loss for the period from continuing operations	(26,713)	(29,678)
Loss for the period	(26,713)	(29,678)
Other comprehensive loss, net of tax	(110,315)	(252,538)
Total comprehensive loss for the period	($ 137,028)	($ 282,216)
Comprehensive income attributable to non-controlling interest	$ 159	$ -
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	PQI	
	Three months ended March 31,	
	2018	2017
Net cash provided by (used in) operating activities	$ 380,140	($ 168,412)
Net cash used in investing activities	(553,207)	(282,938)
Net cash provided by (used in) financing activities	177,580	(45,790)
Effect of exchange rates on cash and cash equivalents	(4,468)	(32,771)
Increase (decrease) in cash and cash equivalents	45	(529,911)
Cash and cash equivalents, beginning of period	1,331,072	1,064,871
Cash and cash equivalents, end of period	$ 1,331,117	$ 534,960

(4) Financial assets 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.

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. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

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

a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

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 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 investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future 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 recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. 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.

(6) 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.

(7) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting 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 that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(8) Borrowings

Borrowings comprise long-term and short-term bank borrowings. 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.

(9) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(10) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(11) Income taxes

A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

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

(12) Revenue recognition

A. The Group manufactures and sells electronic telecommunication component products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group’s activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The goods is often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days, which is consistent with market practice.

C. 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.

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

No significant changes darning the period, please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2017.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand and revolving funds	$ 47,002	$ 72,475	$ 18,453
Checking accounts and demand deposits	4,939,481	4,833,300	4,197,116
Cash equivalents			
Time deposits	2,719,719	3,423,146	1,844,254
Short-term notes and bills	-	-	69,861
	7,706,202	8,328,921	6,129,684
Less: Shown as "other current assets"			
-time deposits over three months	(454,377)	(479,416)	(57,291)
-restricted assets	(209,045)	(217,886)	(358,536)
Total	$ 7,042,780	$ 7,631,619	$ 5,713,857

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

B. Details of the Group’s cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

Items	March 31, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Forward foreign exchange contracts	$ 488
Convertible bonds	8,731
	$ 9,219

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Three months ended March 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Forward foreign exchange contracts	$ 170

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	March 31, 2018		
Derivative instruments	Contract amount (notional principal) (in thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD	7,000	2018/3~2018/6

The Group entered into interest swap contracts to sell HKD and buy USD to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

D. Information relating to credit risk is provided in Note 12(2).

E. The information on December 31, 2017 and March 31, 2017 is provided in Note 12(4).

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

Items	March 31, 2018
Non-current items：	
Equity instruments	
Unlisted stocks	$ 655,779
Valuation adjustment	(86,500)
	$ 569,279

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $569,279 as at March 31, 2018.

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

	Three months ended March 31, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 86,500)

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

D. Information relating to credit risk is provided in Note 12(2).

E. The information on December 31, 2017 and March 31, 2017 is provided in Note 12(4).

(4) Accounts receivable

	March 31, 2018	December 31, 2017	March 31, 2017
Accounts receivable	$ 9,783,223	$ 15,331,978	$ 11,117,581
Less: Allowance for sales returns and discounts	-	(54,284)	(39,097)
Less: Loss allowance	(86,280)	(99,177)	(258,104)
	$ 9,696,943	$ 15,178,517	$ 10,820,380

A. The ageing analysis of accounts receivable is as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Up to 30 days	$ 617,926	$ 620,448	$ 324,560
31 to 120 days	113,297	127,430	344,966
Over 120 days	81,141	99,177	258,104
	$ 812,364	$ 847,055	$ 927,630

The ageing analysis is based on the days past due.

B. The quality information of accounts receivable is based on customers' credit ranking and recoverable period of receivables in order to calculate the accrual of impairment. The Group's internal credit ranking policy is that the Group's business and management segment assesses periodically or periodically whether the credit ranking of existing customers are appropriate and adjusts to obtain the latest information when necessary. Customers' credit ranking assessment is based on industrial operating scale, profitability and ranking assessed by financial insurance institutions.

The Group has insured accounts receivable of certain customers and the Group will receive 80%~90% compensation if bad debts occur.

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

D. Information relating to credit risk is provided in Note 12(2).

(5) Transfer of financial assets

On December 26, 2017 and March 13, 2018, the Group entered into a factoring agreement with Mega International Commercial Bank and Bank of Taiwan to sell its accounts receivable, respectively. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows (no such transaction in March 31, 2017):

March 31, 2018						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced	Collateral provided
Mega International Commercial Bank	$ 736,663	$ 736,663	$ 1,455,250	$ 662,997	2.26%~2.72%	None
Bank of Taiwan	646,554	646,554	4,365,750	581,899	2.96%	None

December 31, 2017						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced	Collateral provided
Mega International Commercial Bank	$ 1,029,773	$ 1,029,773	$ 1,488,000	$ 926,795	2.20%~2.26%	None

(6) Inventories

	March 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,829,753	($ 222,973)	$ 3,606,780
Work in process	1,172,857	(60,853)	1,112,004
Finished goods (including merchandise)	6,725,403	(350,091)	6,375,312
Inventory in transit	2,434	-	2,434
	$ 11,730,447	($ 633,917)	$ 11,096,530

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,724,607	($ 219,712)	$ 3,504,895
Work in process	656,921	(3,732)	653,189
Finished goods (including merchandise)	7,583,993	(342,787)	7,241,206
Inventory in transit	1,038	-	1,038
	$ 11,966,559	($ 566,231)	$ 11,400,328

	March 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,748,678	($ 234,202)	$ 2,514,476
Work in process	1,168,059	(19,332)	1,148,727
Finished goods (including merchandise)	5,665,475	(302,866)	5,362,609
Inventory in transit	2,992	-	2,992
	$ 9,585,204	($ 556,400)	$ 9,028,804

The cost of inventories recognised as expense for the period:

	Three months ended March 31,	
	2018	2017
Cost of inventories sold	$ 17,547,565	$ 16,250,236
Decline in market value	67,686	92,637
Others (revenue from sale of scraps)	(30,421)	(33,063)
	$ 17,584,830	$ 16,309,810

(7) Investments accounted for under the equity method

		March 31, 2018	
Investee		Amount	Ownership percentage (%)
Central Motion Picture Corporation	$	1,767,007	13.60%
Glory Science Co., Ltd.		1,115,649	41.50%
Well Shin Technology Co., Ltd.		1,106,492	18.84%
Foxlink Image Technology Co., Ltd.		910,033	30.47%
Sharetronic Data Technology Co., Ltd.		574,867	29.46%
Castles Technology Co., Ltd.		282,700	19.39%
CMPC Cultural & Creative Co., Ltd.		123,018	42.86%
Microlink Communications Inc.	(	23,267)	21.43%
Kleine Developments Ltd.		65,885	50.00%
		5,922,384	
Add : Credit balance of long-term equity investments reclassified to other non-current liabilities-others		23,267	
Total	$	5,945,651	

		December 31, 2017	
Investee		Amount	Ownership percentage (%)
Central Motion Picture Corporation	$	1,788,712	13.60%
Glory Science Co., Ltd.		1,107,524	41.50%
Well Shin Technology Co., Ltd.		1,092,624	18.84%
Foxlink Image Technology Co., Ltd.		994,603	30.47%
Sharetronic Data Technology Co., Ltd.		537,274	29.46%
Castles Technology Co., Ltd.		288,914	19.39%
CMPC Cultural & Creative Co., Ltd.		122,828	42.86%
Microlink Communications Inc.	(	23,472)	21.43%
Kleine Developments Ltd.		67,644	50.00%
		5,976,651	
Add : Credit balance of long-term equity investments reclassified to other non-current liabilities-others		23,472	
Total	$	6,000,123	

Investee	March 31, 2017 Amount	Ownership percentage (%)
Central Motion Picture Corporation	$ 1,726,698	13.60%
Glory Science Co., Ltd.	1,065,779	41.50%
Well Shin Technology Co., Ltd.	1,083,565	18.84%
Foxlink Image Technology Co., Ltd.	828,074	30.47%
Sharetronic Data Technology Co., Ltd.	434,074	32.65%
Castles Technology Co., Ltd.	306,015	19.51%
CMPC Cultural & Creative Co., Ltd.	122,931	40.86%
Microlink Communications Inc.	(24,070)	21.43%
Kleine Developments Ltd.	69,368	41.53%
	5,612,434	
Add : Credit balance of long-term equity investments reclassified to other non-current liabilities-others	24,070	
Total	$ 5,636,504	

A. For the three months ended March 31, 2018 and 2017, share of profit (loss) of associates and joint ventures accounted for using equity method were recognised based on the financial statements that were not reviewed by the independent accountants. However, share of profit (loss) of associates and joint ventures accounted for using equity method of Glory Science Co., Ltd., Well Shin Technology Co., Ltd. and Foxlink Image Technology Co., Ltd. were recognised based on the financial statements that were reviewed by the independent accountants amounting to $20,946 and $24,328, respectively.

B. Associates

(a) The basic information of the associates that are material to the Group is summarized below:

Company name	Principal place of business	Shareholding ratio March 31, 2017	December 31, 2017	March 31, 2017	Nature of Relationship	Methods of measurement
Central Motion Picture Corporation	Taiwan	13.60%	13.60%	13.60%	Note	Equity method
Glory Science Co., Ltd.	Taiwan	41.50%	41.50%	41.50%	Hold more than 20% of voting rights	Equity method
Well Shin Technology Co., Ltd.	Taiwan	18.84%	18.84%	18.84%	Note	Equity method
Foxlink Image Technology Co., Ltd.	Taiwan	30.47%	30.47%	30.47%	Hold more than 20% of voting rights	Equity method

Note: As the Group's management holds several seats in the Board of Directors of Central Motion Picture Corporation and Well Shin Technology Co., Ltd, the Group is assessed to have significant influence.

(b) Summarized financial information of the associates that are material to the Group is as follows:

Balance sheet

	Central Motion Picture Corp.		
	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 2,978,522	$ 1,389,891	$ 2,986,186
Non-current assets	15,331,361	17,193,302	15,202,059
Current liabilities	(126,532)	(230,523)	(291,690)
Non-current liabilities	(5,205,950)	(5,206,680)	(5,206,550)
Total net assets	$ 12,977,401	$ 13,145,990	$ 12,690,005
Share in associate's net assets	$ 1,767,007	$ 1,788,712	$ 1,726,698
Goodwill	-	-	-
Carrying amount of the associate	$ 1,767,007	$ 1,788,712	$ 1,726,698

	Glory Science Co., Ltd.		
	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 1,602,800	$ 1,851,765	$ 1,714,233
Non-current assets	1,988,890	1,882,611	(1,660,519)
Current liabilities	(953,562)	(1,105,602)	(922,012)
Non-current liabilities	(170,253)	(183,735)	(108,282)
Total net assets	$ 2,467,875	$ 2,445,039	($ 976,580)
Share in associate's net assets	$ 1,022,930	$ 1,014,805	$ 973,060
Goodwill	92,719	92,719	92,719
Carrying amount of the associate	$ 1,115,649	$ 1,107,524	$ 1,065,779

	Well Shin Technology Co., Ltd.		
	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 5,363,985	$ 5,485,432	$ 4,531,770
Non-current assets	2,821,900	2,817,208	2,551,039
Current liabilities	(2,112,652)	(2,318,693)	(1,211,243)
Non-current liabilities	(395,523)	(390,606)	(326,770)
Total net assets	$ 5,677,710	$ 5,593,341	$ 5,544,796
Share in associate's net assets	$ 1,069,903	$ 1,055,675	$ 1,046,976
Goodwill	36,589	36,589	36,589
Carrying amount of the associate	$ 1,106,492	$ 1,092,264	$ 1,083,565

	Foxlink Image Technology Co., Ltd.		
	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 3,023,859	$ 3,542,531	$ 2,659,909
Non-current assets	2,446,107	2,796,636	2,757,029
Current liabilities	(1,757,418)	(2,466,843)	(2,329,541)
Non-current liabilities	(725,914)	(608,140)	(369,743)
Total net assets	$ 2,986,634	$ 3,264,184	$ 2,717,654
Share in associate's net assets	$ 910,033	$ 994,603	$ 828,074
Goodwill	-	-	-
Carrying amount of the associate	$ 910,033	$ 994,603	$ 828,074

Statement of comprehensive income

	Central Motion Picture Corporation	
	Three months ended March 31,	
	2018	2017
Revenue	$ 137,266	$ 145,804
Profit for the period from continuing operations	$ 22,661	$ 28,620
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 22,661	$ 28,620
Dividends received from associates	$ -	$ -

	Glory Science Co., Ltd.	
	Three months ended March 31,	
	2018	2017
Revenue	$ 307,967	$ 345,871
Profit (loss) for the period from continuing operations	$ 1,836	($ 15,089)
Other comprehensive profit (loss), net of tax	20,258	(43,675)
Total comprehensive income (loss)	$ 22,094	($ 58,764)
Dividends received from associates	$ -	$ -

	Well Shin Technology Co., Ltd.	
	Three months ended March 31,	
	2018	2017
Revenue	$ 1,125,825	$ 1,109,828
Profit for the period from continuing operations	$ 49,818	$ 103,002
Other comprehensive income (loss), net of tax	34,545	(180,773)
Total comprehensive income (loss)	$ 84,363	($ 77,771)
Dividends received from associates	$ -	$ -

	Foxlink Image Technology Co., Ltd.	
	Three months ended March 31,	
	2018	2017
Revenue	$ 1,052,352	$ 1,024,014
Profit for the period from continuing operations	$ 46,278	$ 37,064
Other comprehensive loss, net of tax	(323,828)	(399)
Total comprehensive income (loss)	($ 277,550)	$ 36,665
Dividends received from associates	$ -	$ -

(c) The carrying amount of the Group's interests in all individually immaterial associates (Note) and the Group's share of the operating results are summarized below:

As of March 31, 2018, December 31, 2017 and March 31, 2017, the carrying amount of the Group's individually immaterial associates amounted to $1,023,203, $993,188 and $908,318, respectively.

	Three months ended March 31,	
	2018	2017
Profit for the period from continuing operations	$ 71,278	$ 30,060
Total comprehensive income	$ 71,278	$ 30,060

Note: Sharetronic Data, Castles, CMPC Cultural & Creative, Microlink and Kleine.

(d) The fair value of the Group's material associates with quoted market prices is as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Glory Science Co., Ltd.	$ 1,861,241	$ 2,024,999	$ 2,120,857
Well Shin Technology Co., Ltd.	1,189,881	1,287,924	1,192,109
Foxlink Image Technology Co., Ltd.	1,292,148	1,024,452	1,037,322
	$ 4,343,270	$ 4,337,375	$ 4,350,288

C. The Group has signed a stock purchase agreement with an individual on May 15, 2014 to purchase all the Company's shares in CMPC amounting to $150,000 thousand. As of March 31, 2018, uncollected amount was $143,000 thousand (shown as 'notes receivable') and accrued impairment loss was $143,000 thousand.

D. On December 28, 2015, the Board of Directors has resolved the liquidation of the investee company, KLEINE. The Company had accrued an additional loss amounting to $170,136 within the scope of legal obligations. As of May 15, 2018, the liquidation process has not been completed.

E. ASHOP CO., LTD (Studio A Inc.'s subsidiary) received the loan granted by the Company that amounted to US$7,000,000, which was endorsed by Studio A Inc.. Studio A Inc. has joint and several liability if there is any loss on the loan. As of December 31, 2017, the payment has not been settled at maturity, and there are objective evidences to prove that the loss is incurred based on the Company's assessment. Studio A Inc. has provided endorsement/guarantee loss in the amount of $87,494 within the scope of legal obligations in 2017.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Office equipment	Others	Construction-in-progress	Total
At January 1, 2018							
Cost	$ 412,428	$ 14,534,259	$ 6,865,734	$ 361,552	$ 5,500,785	$ 878,873	$ 28,553,631
Accumulated depreciation and impairment	-	(2,640,474)	(3,240,495)	(227,670)	(2,915,829)	-	(9,024,468)
	$ 412,428	$ 11,893,785	$ 3,625,239	$ 133,882	$ 2,584,956	$ 878,873	$ 19,529,163
2018							
Opening net book amount	$ 412,428	$ 11,893,785	$ 3,625,239	$ 133,882	$ 2,584,956	$ 878,873	$ 19,529,163
Additions	-	31,183	344,079	31,894	113,483	514,585	1,035,224
Disposals	-	-	(97,197)	(1,736)	(8,328)	-	(107,261)
Reclassifications	-	3,644	-	692	-	-	4,336
Depreciation charge	-	(89,395)	(389,717)	(21,944)	(224,383)	-	(725,439)
Net exchange differences	-	184,276	60,238	(2,654)	35,314	18,641	295,815
Closing net book amount	$ 412,428	$ 12,023,493	$ 3,542,642	$ 140,134	$ 2,501,042	$ 1,412,099	$ 20,031,838
At March 31, 2018							
Cost	$ 412,428	$ 14,795,245	$ 9,689,886	$ 434,298	$ 6,161,028	$ 1,412,099	$ 32,904,984
Accumulated depreciation and impairment	-	(2,771,752)	(6,147,244)	(294,164)	(3,659,986)	-	(12,873,146)
	$ 412,428	$ 12,023,493	$ 3,542,642	$ 140,134	$ 2,501,042	$ 1,412,099	$ 20,031,838

	Land	Buildings and structures	Machinery	Office equipment	Others	Construction-in -progress	Total
At January 1, 2017							
Cost	$ 412,428	$ 12,336,290	$ 7,998,038	$ 396,124	$ 6,269,324	$ 2,105,071	$ 29,517,275
Accumulated depreciation and impairment	-	(2,344,630)	(3,823,103)	(242,205)	(3,061,672)	-	(9,471,610)
	$ 412,428	$ 9,991,660	$ 4,174,935	$ 153,919	$ 3,207,652	$ 2,105,071	$ 20,045,665
2017							
Opening net book amount	$ 412,428	$ 9,991,660	$ 4,174,935	$ 153,919	$ 3,207,652	$ 2,105,071	$ 20,045,665
Additions	-	21,029	400,363	11,503	134,506	104,779	672,180
Disposals	-	(16,141)	(10,880)	(481)	(18,160)	-	(45,662)
Depreciation charge	-	(76,682)	(462,360)	(19,941)	(246,131)	-	(805,114)
Net exchange differences	-	(384,947)	(182,003)	(3,320)	(128,405)	(95,747)	(794,422)
Closing net book amount	$ 412,428	$ 9,534,919	$ 3,920,055	$ 141,680	$ 2,949,462	$ 2,114,103	$ 19,072,647
At March 31, 2017							
Cost	$ 412,428	$ 11,864,891	$ 9,721,218	$ 426,283	$ 6,265,646	$ 2,114,103	$ 30,804,569
Accumulated depreciation and impairment	-	(2,329,972)	(5,801,163)	(284,603)	(3,316,184)	-	(11,731,922)
	$ 412,428	$ 9,534,919	$ 3,920,055	$ 141,680	$ 2,949,462	$ 2,114,103	$ 19,072,647

The property, plant and equipment were not pledged to others as collaterals.

(9) Investment property

	Land	Buildings and structures	Total
At January 1, 2018			
Cost	$ 65,923	$ 512,762	$ 578,685
Accumulated depreciation and impairment	-	(340,892)	(340,892)
	$ 65,923	$ 171,870	$ 237,793
2018			
Opening net book amount	$ 65,923	$ 171,870	$ 237,793
Reclassifications	-	(3,644)	(3,644)
Depreciation charge	-	(5,335)	(5,335)
Net exchange differences	-	(1,817)	(1,817)
Closing net book amount	$ 65,923	$ 161,074	$ 226,997
At March 31, 2018			
Cost	$ 65,923	$ 498,056	$ 563,979
Accumulated depreciation and impairment	-	(336,982)	(336,982)
	$ 65,923	$ 161,074	$ 226,997

	Land	Buildings and structures	Total
At January 1, 2017			
Cost	$ 65,923	$ 552,918	$ 618,841
Accumulated depreciation and impairment	-	(344,694)	(344,694)
	$ 65,923	$ 208,224	$ 274,147
2017			
Opening net book amount	$ 65,923	$ 208,224	$ 274,147
Depreciation charge	-	(5,730)	(5,730)
Net exchange differences	-	(5,926)	(5,926)
Closing net book amount	$ 65,923	$ 196,568	$ 262,491
At March 31, 2017			
Cost	$ 65,923	$ 530,450	$ 596,373
Accumulated depreciation and impairment	-	(333,882)	(333,882)
	$ 65,923	$ 196,568	$ 262,491

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Three months ended March 31,	
	2018	2017
Rental income from the lease of the investment property	$ 7,929	$ 8,683
Direct operating expenses arising from the investment property that generated rental income in the period	$ 5,335	$ 5,730

B. Investment property is stated initially at its cost and is depreciated on a straight-line basis over its estimated useful life. The fair value of the investment property held by the Group as at March 31, 2018, December 31, 2017 and March 31, 2017 was $739,177, $735,164 and $740,402, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby. Market prices on March 31, 2018 and 2017 did not change significantly.

C. There was no impairment loss on investment property.

D. The investment property was not pledged to others as collaterals.

(10) Intangible assets

	Trademark Rights	Goodwill	Others	Total
At January 1, 2018				
Cost	$ 49,202	$ 2,476,388	$ 183,311	$ 2,708,901
Accumulated amortisation and impairment	-	(1,561,162)	(143,438)	(1,704,600)
	$ 49,202	$ 915,226	$ 39,873	$ 1,004,301
2018				
Opening net book amount	$ 49,202	$ 915,226	$ 39,873	$ 1,004,301
Additions	-	-	11,455	11,455
Disposals	-	-	(197)	(197)
Amortisation charge	-	-	(9,242)	(9,242)
Net exchange differences	(1,083)	(14,112)	60	(15,135)
Closing net book amount	$ 48,119	$ 901,114	$ 41,949	$ 991,182
At March 31, 2018				
Cost	$ 48,119	$ 2,462,276	$ 175,846	$ 2,686,241
Accumulated amortisation and impairment	-	(1,561,162)	(133,897)	(1,695,059)
	$ 48,119	$ 901,114	$ 41,949	$ 991,182

	Trademark Rights	Goodwill	Others	Total
At January 1, 2017				
Cost	$ 53,319	$ 2,610,128	$ 205,422	$ 2,868,869
Accumulated amortization and impairment	-	-	(130,430)	(130,430)
	$ 53,319	$ 2,610,128	$ 74,992	$ 2,738,439
2017				
Opening net book amount	$ 53,319	$ 2,610,128	$ 74,992	$ 2,738,439
Additions	-	-	21,037	21,037
Disposals	-	-	-	-
Amortisation charge	-	-	(17,972)	(17,972)
Net exchange differences	(3,174)	(129,707)	(596)	(133,477)
Closing net book amount	$ 50,145	$ 2,480,421	$ 77,461	$ 2,608,027
At March 31, 2017				
Cost	$ 50,145	$ 2,480,421	$ 207,585	$ 2,738,151
Accumulated amortisation and impairment	-	-	(130,124)	(130,124)
	$ 50,145	$ 2,480,421	$ 77,461	$ 2,608,027

A. Goodwill is allocated to the Group's cash-generating units identified according to operating segments as follows:

	March 31, 2018		
	Retail of computer, communication and consumer electronics	Memory module	Others
Taiwan	$ -	$ 419,858	$ -
Hong Kong	469,649	-	-
All other segments	-	-	11,607
	$ 469,649	$ 419,858	$ 11,607

	December 31, 2017		
	Retail of computer, communication and consumer electronics	Memory module	Others
Taiwan	$ -	$ 419,858	$ -
Hong Kong	483,761	-	-
All other segments	-	-	11,607
	$ 483,761	$ 419,858	$ 11,607

	March 31, 2017		
	Retail of computer, communication and consumer electronics	Memory module	Others
Taiwan	$ -	$ 419,858	$ -
Hong Kong	2,048,956	-	-
All other segments	-	-	11,607
	$ 2,048,956	$ 419,858	$ 11,607

B. The goodwill of computer, communication and consumer electronics product retails and trademarks with indefinite useful life were amortised to PQI's identified cash generating unit. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections and decisions assisted by independent valuation institutions based on financial budgets approved by the management covering a five-year period. The recoverable amount of all cash-generating units calculated using the value-in-use exceeded their carrying amount, so goodwill and trademark right (indefinite useful life) were not impaired. The key assumptions used for value-in-use calculations are gross margin, growth rate and discount rate. Management determined gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. Management believes that the key assumption used to assess recoverable amount of each cash-generating units will be lower than its carrying amount if the potential changes are reasonable. For the three months ended March 31, 2018 and 2017, there is no impairment on assets if the Group uses above stated key assumption to calculate PQI's recoverable amount and compare with the carrying amount of PQI's assets which are bought for operation and goodwill at the assessing date.

C. The Group assesses recoverable amount based on net fair value for impairment assessment on recoverable amount of memory module. The fair value is assessed to be higher than the carrying amount, thus, goodwill is not impaired.

D. The intangible assets were not pledged to others as collaterals.

(11) Long-term prepaid rents (shown as 'Other non-current assets')

	March 31, 2018	December 31, 2017	March 31, 2017
Land use right	$ 2,222,416	$ 2,189,080	$ 2,131,799

A. On November 9, 2016, the Board of Directors of PQI's subsidiary company resolved to participate in the bid of Ministry of Land and Resources of the People's Republic of China, and acquired the ownership of land for residential/commercial use and industrial use, on November 17, 2016, and the lease terms were 40 to 70 years. The acquisition price of aforementioned land was RMB 265,170 thousand. For the three months ended March 31, 2018 and 2017, the acquisition price of aforementioned land that has been paid was both RMB 265,170 thousand. In addition, PQI's subsidiary company received a grant from the government of Donghai County, Jiangsu amounting to RMB 190,000 and RMB 100,000 thousand respectively to build the plant, and recognised as long-term deferred revenue (shown as 'other non-current liabilities').

B. Mainly consisting of land access right, the Group signed land access rights contracts for the use of land in China. All rentals had been paid on the contract date. The Group recognised rental expenses of $5,479 and $5,780 for the three months ended March 31, 2018 and 2017, respectively.

(12) Short-term borrowings

Type of borrowings	March 31, 2018	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 3,689,773	0.91%~4.79%	-

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 3,194,456	0.91%~5.00%	-

Type of borrowings	March 31, 2017	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 8,455,459	0.82%~5%	-

(13) Other payables

	March 31, 2018	December 31, 2017	March 31, 2017
Payables on salary and bonus	$ 1,081,909	$ 1,670,530	$ 1,205,752
Employees' compensation and remumeration for supervisors and directors	125,945	128,384	99,520
Payables on equipment	649,960	890,753	1,143,089
Others	3,004,617	3,505,566	3,099,679
	$ 4,862,431	$ 6,195,233	$ 5,548,040

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused Credit line	March 31, 2018
Long-term bank borrowings				
Bank's unsecured borrowings				
Cheng Uei				
- including covenants	The amount of NTD 2,870,000 thousand, is payable in instalments starting from September 2017 to December 2020	1.20%~1.55%	$ 630,000	$ 2,870,000
-without covenants	The amount of NTD 1,300,000 thousand, is payable in instalments starting from December 2017 to December 2020	1.20%~1.48%	1,246,300	1,300,000
PQI	The amount of NTD 1,005,583 thousand, is payable in instalments starting from January 2016 to March 2019	1,48%~1.56%	-	1,005,583
Shinfox	The amount of NTD 54,972 thousand, is payable in instalments starting from August 2013 to March 2022	1.97%~2.32%	14,729	54,972
Bank secured borrowings	The amount of NTD 4,722 thousand, is payable in instalments starting from July 2014 to July 2024	1.85%~1.95%	-	4,722
Medium-term and long-term syndicated loans	The amount of NTD 5,600,000 thousand is payable in instalments from March 2017 to March 2022. The Company may issue drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.79%	2,400,000	5,600,000
				10,835,277
Less: Current portion				(484,088)
				$ 10,351,189

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused credit line	December 31, 2017
Long-term loan borrowings				
Bank credit borrowing				
Cheng Uei				
- including covenants	The amount of NTD 2,000,000 thousand, is payable in installments starting from September 2017 to December 2020	1.20%~1.55%	$ 2,300,000	$ 2,000,000
-without covenants	The amount of NTD 800,000 thousand, is payable in installments starting from December 2017 to December 2020	1.48%	744,000	800,000
PQI	The amount of NTD 961,333 thousand, is payable in installments starting from January 2016 to March 2019	1,48%~1.56%	-	961,333
Shinfox	The amount of NTD 63,370 thousand, is payable in installments starting from August 2013 to March 2022	1.97%~2.32%	14,100	63,370
Bank secured borrowings	The amount of NTD 7,212 thousand, is payable in installments starting from July 2014 to July 2024	1.85%~1.95%	21,312	7,212
Medium-term and long-term syndicated loans	The amount of NTD 7,000,000 thousand is payable in installments from March 2017 to March 2022. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.79%	1,000,000	7,000,000
				10,831,915
Less: Current portion				(398,376)
				$ 10,433,539

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused Credit line	March 31, 2017
Long-term loan borrowings				
Bank credit borrowing				
- PQI	The amount of NTD 442,834 thousand, is payable in installments starting from January 2016 to March 2019	1.48%~1.56%	$ -	$ 442,834
- Shinfox	The amount of NTD 91,390 thousand, is payable in installments starting from August 2013 to March 2022	1.95%~2.32%	52,152	91,390
Bank secured borrowings	The amount of NTD 29,496 thousand is payable in installments starting from July 2014 to July 2024.	1.85%~1.95%	-	29,496
Medium-term and long-term syndicated loans	The amount of NTD 5,600,000 thousand is payable in installments from March 2017 to March 2024. The Company may issue a drawing application before the maturity date of borrowing to directly repay the loan principal that was originally expired.	1.79%	2,400,000	5,600,000
				6,163,720
Less: Current portion				(185,796)
				$ 5,977,924

A. In March 2017, the Group signed a medium-term syndicated revolving NTD credit facility agreement with the Bank of Taiwan as the lead bank. The terms of agreement are summarized below:

(a) Duration of loan: The loan period of the agreement was 5 years from the agreement signing date.

(b) Credit line and draw-down: The credit line was $8,000,000, which can be drawn down in installments of at least $100,000 thousand per draw-down.

(c) Principal repayment: The duration of each loan drawn down is either 90 days or 180 days at the Company's option. The Company, if without any default, may submit an application to the banks to draw down a new loan with principal equal to the old one before its maturity, and the new loan is directly used to repay the original loan. The banks and the Company are not required to make remittances for such draw-down and repayment, which is viewed that the Company has received the new loan on the maturity of original loan.

(d) Commitment: The Company should maintain the following financial ratios during the contract duration for semi-annual consolidated and annual consolidated financial statements:

i. Current assets to current liabilities ratio of at least 1:1;

ii. Liabilities not exceeding 200% of tangible net equity;

iii. Interest coverage of at least 400%; and

iv. Tangible net equity of at least NT$15,000,000,000.

(e) The loan period is decided by the borrower. The borrower may choose to early repay the loans during the contract period according to the syndicated loan contract.

B. The Company entered into the borrowing contracts with O-bank, Bank SinoPac, Taipei Fubon and Far Eastern International Bank, and the total credit line is $3,500,000. As of March 31, 2018, the borrowings that have been used amounted to $2,870,000. In the duration period of these contracts, the financial ratios in the semi-annual consolidated and annual consolidated financial statements shall be as follows:

(a) Current assets to current liabilities ratio of at least 1:1;

(b) Liabilities not exceeding 200% of tangible net equity;

(c) Interest coverage of at least 400%; and

(d) Tangible net equity of at least NT$15,000,000,000.

C. The Company entered into a borrowing contract with Mizuho Bank and the credit line is $800,000. As of March 31, 2018, the borrowing that has been used amounted to $800,000.

D. The Company entered into a borrowing contract with E.Sun Bank, and the credit line is US $25,000,000. As of March 31, 2018, the borrowing has not been used.

E. The Company entered into a borrowing contract with DBS, and credit line is US$35,000,000. As of March 31, 2018, the borrowing has been used $500,000.

F. In December 2016, the Board of Directors approved the proposal of syndicated loan for $8,000,000. In March 2017, the Company entered into the agreement with Bank of Taiwan and other banks. The original syndicated loan organised by Mega International Commercial Bank was repaid beforehand.

(15) Pensions

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

(b) For the aforementioned pension plan, the Group recognised pension costs of $1,382 and $1,469 for the three months ended March 31, 2018 and 2017, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $30,000.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's Mainland China subsidiaries have a funded defined contribution plan. Monthly contributions are based on the employees' monthly salaries (the contribution ratio for the three months ended March 31, 2018 and 2017 is between 10.2%~21%) and wages to an independent fund administered by the government in accordance with the pension regulations. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the abovementioned defined contribution pension plan for the three months ended March 31, 2018 and 2017 were $239,982 and $175,244, respectively.

(16) Share capital

As of March 31, 2018, the Company's authorized common stock was $7,000,000 (including 50,000,000 shares reserved for the issuance of employees' warrants), and the issued and outstanding shares were both 512,326,940 shares, with a par value of $10 (in dollars) per share. The number of the Company's ordinary shares outstanding at January 1 and December 31, 2017 was the same.

(17) Capital surplus

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

	Share premium	Treasury share transactions	Difference between proceeds from disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1, 2018	$ 9,337,850	$ 3,065	$ 7,313	$ 3,234	$ 117,203	$ 9,468,665
Recognition of adjustments of investees proportionately	-	-	-	-	2	2
At March 31, 2018	$ 9,337,850	$ 3,065	$ 7,313	$ 3,234	$ 117,205	$ 9,468,667

	Share premium	Treasury share transactions	Difference between proceeds from disposal of subsidiary and book value	Changes in ownership interests in subsidiaries	Change in net equity of associates accounted for under the equity method	Total
At January 1, 2017	$ 9,337,850	$ 3,065	$ 7,124	$ 3,234	$ 83,208	$ 9,434,481
Adjustments due to not participating in the capital increase of investees proportionately	-	-	-	-	-	-
At March 31, 2017	$ 9,337,850	$ 3,065	$ 7,124	$ 3,234	$ 83,208	$ 9,434,481

(18) Retained earnings

A. Based on the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of remainder shall be proposed by the Board of Directors and be resolved by the shareholders.

B. According to the Company's Articles of Incorporation, no more than 90% of the distributable retained earnings shall be distributed as stockholders' bonus and cash dividend distributed in any calendar year shall be at least 20% of the total distributable earnings in that year based on future capital expenditures budget and capital requirements.

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

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. The appropriation of 2017 earnings as proposed by the Board of Directors on March 29, 2018 and the appropriation of 2016 earnings as resolved by the shareholders on June 8, 2017 are as follows:

	Year ended December 31, 2017		Year ended December 31, 2016	
	Amount	Dividend per share (NTD)	Amount	Dividend per share (NTD)
Legal reserve	$ 133,459	$ -	$ 79,276	$ -
Special reserve	843,090	-	-	-
Cash dividend	1,024,654	2.0	768,490	1.5
Total	$ 2,001,203	$ 2.0	$ 847,766	$ 1.5

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(25).

(19) Other equity items

	Financial assets at fair value through other comprehensive income	Available-for-sale financial assets	Translation of foreign financial statements	Total
At January 1	$ -	$ 64,731	($ 907,821)	($ 843,090)
Adjustments under new standards	(11,540)	(64,731)	-	(76,271)
Balance at January 1 after adjustments	(11,540)	-	(907,821)	(919,361)
Valuation adjustment	(164,282)	-	-	(164,282)
Currency translation differences:				
–Group	-	-	236,222	236,222
–Associates	-	-	35,267	35,267
At March 31	($ 175,822)	$ -	($ 636,332)	($ 812,154)

	Available-for-sale investments	Translation of foreign financial statements	Total
At January 1	$ 1,093,434	($ 1,083,745)	$ 9,689
Valuation adjustment	(479,219)	-	(479,219)
Currency translation differences:			
–Group	-	(482,923)	(482,923)
–Associates	-	(56,193)	(56,193)
At March 31	$ 614,215	($ 1,622,861)	($ 1,008,646)

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue based on the following major product lines and geographical regions:

Three months ended March 31, 2018	Asia	Americas	Others	Total
3C component	$ 6,715,593	$ 2,524,888	$ 121,608	$ 9,362,089
Systems and peripheral products	1,891,697	3,145,863	1,465,573	6,503,133
3C product retail	3,019,108	-	-	3,019,108
Others	58,606	19,699	11,339	89,644
Total revenue from external customer contracts	$ 11,685,004	$ 5,690,450	$ 1,598,520	$ 18,973,974

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	March 31, 2018
Contract liabilities:	
Contract liabilities-advance sales receipts	$ 394,618

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

	Three months ended March 31, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Sales revenue received in advance	$ 267,690

C. Related disclosures for the three months ended March 31, 2017 operating revenue are provided in Note 12(5).

(21) Other income

	Three months ended March 31,	
	2018	2017
Interest income	$ 15,620	$ 18,806
Rental revenue	7,929	8,683
Other revenue-other	118,764	116,949
	$ 142,313	$ 144,438

(22) Other gains and losses

	Three months ended March 31,	
	2018	2017
Loss on disposal of property, plant and equipment	($ 51,886)	($ 10,103)
Gain on disposal of investments	-	312,178
Foreign exchange gains (losses)	21,747	(93,232)
Other gains and losses	(12,388)	(24,327)
	($ 42,527)	$ 184,516

(23) Finance costs

	Three months ended March 31,	
	2018	2017
Interest expense arising from bank borrowings	$ 68,206	$ 79,529

(24) Expenses by nature

	Three months ended March 31,	
	2018	2017
Employee benefit expense	$ 3,166,767	$ 2,870,925
Depreciation charges on property, plant and equipment and investment property	730,774	810,844
Amortisation charges on intangible assets	14,721	23,752
Transportation expenses	158,634	151,336
Advertising costs	13,545	33,218
Operating lease payments	150,626	161,586
Manufacture costs and operating expenses	$ 4,235,067	$ 4,051,661

(25) Employee benefit expense

	Three months ended March 31,			
	2018		2017	
Wages and salaries	$	2,709,752	$	2,519,815
Labour and health insurance fees		138,585		108,558
Pension costs		241,364		176,713
Other personnel expenses		77,066		65,839
	$	3,166,767	$	2,870,925

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the three months ended March 31, 2018 and 2017, employees' compensation (bonus) was accrued at $0 and $4,828, respectively; directors' and supervisors' remuneration was accrued at $0 and $402, respectively. The aforementioned amounts were recognised in salary expenses.

C. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on the distributable profit of current year for the three months ended March 31, 2018 and percentage as prescribed by the Company's Articles of Incorporation.

Employees' compensation and directors' and supervisors' remuneration of 2017 as resolved at the Board of Directors were in agreement with those amounts recognised in the profit or loss of 2017.

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

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Current tax:		
Tax payable incurred in current period	$ 30,163	$ 128,362
Prior year income tax underestimation	621	83
Total current tax	30,784	128,445
Deferred tax:		
Origination and reversal of temporary differences	(146,067)	(14,836)
Impact of change in tax rate	73,782	-
Total deferred tax	(72,285)	(14,836)
Income tax expense	($ 41,501)	$ 113,609

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

	Three months ended March 31, 2018	Three months ended March 31, 2017
Currency translation differences	$ 71,140	($ 110,421)
Fair value gains/losses on available-for-sale financial assets	-	(29,677)
Impact of change in tax rate	11,399	-
	$ 82,539	($ 140,098)

B. The latest year of the Company's and its domestic subsidiaries' income tax returns that have been assessed and approved by the Tax Authority is as follows:

	Status of Assessment
The Company	Assessed and approved up to 2015
FUII, Zhi De Investment, PQI, FII, WCT, Shinfox, DuPrecision, PROCONN, LM, Studio A, Suntain, Va Product Inc., Darts	Assessed and approved up to 2016

C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has accessed the impact of the change in income tax rate.

(27) Earnings per share

	Three months ended March 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ (505,841)	512,327	$ (0.99)
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ (505,841)	512,327	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	-	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ (505,841)	512,327	$ (0.99)

	Three months ended March 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 96,930	512,327	$ 0.19
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 96,930	512,327	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	138	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 96,930	512,465	$ 0.19

(28) Operating leases

The Group leases offices, warehouses, branch locations and the land for settlement of solar photovoltaic equipment under non-cancellable operating lease agreements. The lease terms are between 1 to 20 years, and all the lease agreements are renewable at the end of the lease period. The Group recognised rental expenses of $145,008 and $155,769, and contingent rents of $5,618 and $5,817 for these leases in profit or loss for the three months ended March 31, 2018 and 2017, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
No later than one year	$ 143,764	$ 237,326	$ 318,191
Later than one year but not later than five years	62,710	96,733	195,510
Over five years	4,551	8,745	-
	$ 211,025	$ 342,804	$ 513,701

(29) Supplemental cash flow information

Investment activities with partial cash payments:

	Three months ended March 31,	
	2018	2017
Purchase of property, plant and equipment	$ 1,035,224	$ 672,180
Add: Opening balance of payable on equipment	890,753	1,197,679
Less: Ending balance of payable on equipment	(649,960)	(1,143,089)
Cash paid during the period	$ 1,276,017	$ 726,770

(30) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
January 1, 2018	$ 3,194,456	$ 10,831,915	$ 14,026,371
Changes in cash flow from financing activities	499,094	3,362	502,456
Effect of exchange rate changes	(3,777)	-	(3,777)
March 31, 2018	$ 3,689,773	$ 10,835,277	$ 14,525,050

	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
January 1, 2017	$ 8,738,009	$ 7,171,659	$ 15,909,668
Changes in cash flow from financing activities	(282,550)	(1,007,939)	(1,290,489)
Effect of exchange rate changes	-	-	-
March 31, 2017	$ 8,455,459	$ 6,163,720	$ 14,619,179

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Well Shin Technology Co., Ltd. (Well Shin)	Associates
Glory Science Co., Ltd. (Glory)	Associates
Glorytex (Yancheng) Co., Ltd. (Glorytex)	Associates
Yancheng Yaowei Technology Co., Ltd. (Yancheng Yaowei)	Associates
Foxlink Image Technology Co., Ltd. (Foxlink Image)	Associates
Sharetronic Data Technology Co., Ltd. (Sharetronic)	Associates
Microlink Communications Inc. (Microlink)	Associates
CENTRAL MOTION PICTURE CORPORATION (CMPC)	Associates
DEEPWATERS DIGITAL SUPPORT INC.	Associates
HSIN HUNG INTERNATIONAL INVESTMENT CO.,	Other related parties
Hon Hai Precision Industry Co., Ltd. (Hon Hai)	Other related parties

(2) Significant related party transactions

A. Operating revenue

	Three months ended March 31,	
	2018	2017
Sales of goods:		
-Associates	$ 4,936	$ 19,534
-Other related parties	278,345	481,782
	$ 283,281	$ 501,316

The sales price in relation to the transaction made with related parties is based on mutual agreement. All the credit terms on sales to related parties were 120 to 180 days after monthly billings. The credit terms on sales to third parties were 30 to 120 days after monthly billing or upon shipment of goods, except for receivables arising from the sales of tooling that are collectible upon acceptance by customers.

B. Purchases of goods

	Three months ended March 31,	
	2018	2017
Purchases of goods:		
-Associates	$ 141,604	$ 160,003
-Other related parties	94,943	68,483
	$ 236,547	$ 228,486

The purchase price in relation to the transaction made with related parties is based on mutual agreement. All purchases from related parties are at arm's-length. Payment period was 60 to 120 days after receipt of goods from suppliers.

C. Non-operating income-Other Income

	Three months ended March 31, 2018	Three months ended March 31, 2017
Other income:		
-Associates	$ 6,274	$ 5,602

The Group charged technical service compensation and management service fees from related parties, and collected the net balance after offsetting with payables to related parties and considering the financial situation.

D. Receivables from related parties

	March 31, 2018	December 31, 2017	March 31, 2017
Accounts receivable:			
-Associates	$ 117,904	$ 123,450	$ 46,373
-Other related parties	491,486	565,862	794,210
	$ 609,390	$ 689,312	$ 840,583
Other receivables (Financing):			
-Associates			
Microlink	$ 64,000	$ 64,000	$ 64,000
Sharetronic	-	-	220,350
Other receivables (Others):			
-Associates	6,060	19,086	8,696
	$ 70,060	$ 83,086	$ 72,696

Other receivables is mainly refer to the rental income received from related parties, and the collection terms are based on mutual agreement.

E. Payables to related parties

	March 31, 2018	December 31, 2017	March 31, 2017
Accounts payable:			
-Associates	$ 317,122	$ 388,126	$ 266,714
-Other related parties	25,350	32,339	25,603
	$ 342,472	$ 420,465	$ 292,317

F. Loans to related parties

Interest income

	Three months ended March 31, 2018	Three months ended March 31, 2017
-Associates		
Sharetronic	$ -	$ 3,488

The loans to associates are repayable according to the contract's repayment schedule and carry interest at both 6.5% per annum for the three months ended March 31, 2018 and 2017.

(3) Key management compensation

	Three months ended March 31, 2018	Three months ended March 31, 2017
Salaries and other short-term employee benefits	$ 11,524	$ 11,639
Post-employement benefits	393	337
Total	$ 11,917	$ 11,976

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	March 31, 2018	December 31, 2017	March 31, 2017	Purpose
Restricted assets-current (Shown as other current assets)	$ 209,045	$ 217,866	$ 358,536	Customs deposit, guarantee for L/C issued for purchases of materials and government grants and coupon trust
Refundable deposits (Shown as other non-current assets)	167,615	184,718	180,017	Customs deposit and plant deposit
Other assets-other (Shown as other non-current assets)	14,504	15,840	9,368	Litigation deposit and collaterals for long-term borrowings
	$ 391,164	$ 418,424	$ 547,921	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

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

	March 31, 2018	December 31, 2017	March 31, 2017
Property, plant and equipment	$ 1,225,190	$ 1,734,459	$ 331,641

(2) On December 16, 2011, PQI was informed by its US subsidiary that it had a dispute over accounts receivable with a customer in Central and South America. Through the Company's investigation, it was found that this event was caused by one employee of the US subsidiary of PQI, who altered the related delivery documents without permission, which resulted to the delivery of the goods to a location that was not designated by the customer. The related amount was estimated at US$19,447 thousand (NT$577,633 thousand). Based on the attorney's opinion, the US subsidiary of PQI has the credit right to the employee on this event. However, based on conservatism principle, the US subsidiary of PQI has recognised bad debts in full for the credit right (shown under non-operating expenses-other expenses). This case has been under the investigation of the courts in ROC and USA. However, actual loss depends on the judgement of the courts. PQI had filed a lawsuit in ROC and USA, respectively, against the employee and applied to Taiwan New Taipei District Court for provisional seizure with a deposit of $2,500 as security. Based on the attorney's opinion, the collectability of the credit right was uncertain. In addition, the US subsidiary of PQI filed a lawsuit against its client-Private Label Pc, Inc. (PLPC), seeking compensation. PLPC also filed a counterclaim against the Company, US subsidiary and HK subsidiary of PQI, seeking compensation of US$3,224 thousand. The US indirect subsidiary has reached an out-of-court settlement with certain defendants and collected compensation of US$950 thousand and US$400 thousand in March and June 2015, respectively. On October 7, 2015, PLPC withdrew the claim against the Hong Kong subsidiary. On July 25, 2016, PQI and PLPC reached a settlement in the abovementioned lawsuit. PQI was not required to make payments for the settlement. The settlement amount was not required to be disclosed as both companies have signed a confidentiality agreement. Both parties have withdrawn the complaint on August 12, 2016. On November 30, 2016, the U.S. subsidiary won the civil lawsuit over two defendants with ex parte proceedings and settled the civil dispute with other parties. On March 22, 2017, one defendant in this case was affirmed not indictable under the criminal procedure in Taiwan.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On May 9, 2018, the Board of Directors of the Group's subsidiary, PQI, and the Group's investments accounted for using equity method, Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd., at their meeting resolved to jointly convert shares in order to make the newly established holding company to acquire a 100% equity share of PQI, Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd.. PQI, Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd. will be terminated their trading in the market, and this share conversion is still pending for approval from shareholders.

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, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the actual financial condition.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 9,219	$ -	$ -
Financial assets held for trading	-	318	-
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	569,279	-	-
Available-for-sale financial assets	-	-	886,326
Financial assets carried at cost	-	628,506	660,863
Financial assets at amortised cost/loans and receivables			
Cash and cash equivalents	7,042,780	7,631,619	5,713,857
Investments in debt instruments without active markets	-	8,536	8,657
Notes receivable	48,310	56,248	50,247
Accounts receivable	10,306,333	15,867,829	11,660,963
Other receivables	521,597	344,965	449,582
Guarantee deposits paid	167,615	184,718	180,017
	$ 18,665,133	$ 24,722,739	$ 19,610,512

	March 31, 2018	December 31, 2017	March 31, 2017
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	$ 3,689,773	$ 3,194,456	$ 8,455,459
Notes payable	3,140	11,101	2,161
Accounts payable	13,631,246	18,667,634	10,852,891
Accounts payable	4,862,431	6,195,233	5,548,040
Long-term borrowings (including current portion)	10,835,277	10,831,915	6,163,720
Guarantee deposits received	29,727	29,866	29,905
	$ 33,051,594	$ 38,930,205	$ 31,052,176

B. Risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The Group uses derivative instruments to hedge certain exposed risk, please refer to 6(2) and 12(4).

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

Foreign exchange risk

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

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets at fair value through profit or loss are provided in Notes 6(2) and 12(4).

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

	March 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 322,805	$ 29.11	$ 9,396,854
RMB：NTD	44,110	4.65	205,112
HKD：NTD	8,777	3.71	32,563
JPY：NTD	376,603	0.27	101,683
USD：HKD	228	7.85	6,637
RMB：HKD	4,762	1.25	22,143
USD：RMB	11,550	6.26	336,221
Non-monetary items			
RMB：HKD	$ 123,627	$ 1.25	$ 574,867
USD：HKD	2,263	7.85	65,885
Financial liabilities			
Monetary items			
USD：NTD	$ 414,813	$ 29.11	$ 12,075,206
HKD：NTD	922	3.71	3,421
JPY：NTD	116,555	0.27	31,470
USD：HKD	10,405	7.85	302,890
RMB：HKD	493,579	1.25	2,295,142
USD：RMB	50,731	6.26	1,476,779

	December 31, 2017					
	Foreign currency amount (In thousands)		Exchange rate		Book value (NTD)	
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$	454,233	$	29.76	$	13,517,974
RMB：NTD		28,362		4.57		129,614
HKD：NTD		5,241		3.81		19,968
JPY：NTD		229,412		0.26		59,647
USD：HKD		334		7.82		9,940
RMB : HKD		5,124		1.20		23,417
USD : RMB		8,261		6.51		245,847
Non-monetary items						
RMB : HKD	$	116,437	$	1.20	$	532,116
USD：HKD		2,273		7.82		67,644
Financial liabilities						
Monetary items						
USD：NTD	$	585,080	$	29.76	$	17,411,981
HKD：NTD		3,347		3.81		12,752
JPY：NTD		155,419		0.26		40,409
USD：HKD		65,472		7.82		1,948,447
RMB : HKD		335,410		1.20		1,532,824
USD : RMB		59,369		6.51		1,766,821

	March 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 326,785	$ 30	$ 9,911,389
RMB：NTD	600	4.41	2,646
HKD：NTD	11,182	3.90	43,610
JPY：NTD	406,855	0.27	109,851
USD：HKD	359	7.77	10,888
RMB : HKD	14,653	1.13	64,620
USD : RMB	148,207	6.89	4,495,118
Non-monetary items			
RMB : HKD	$ 98,429	$ 1.13	$ 434,074
USD : HKD	2,287	7.77	69,368
Financial liabilities			
Monetary items			
USD：NTD	$ 298,281	$ 30.33	$ 9,046,863
HKD：NTD	3,386	3.90	13,205
JPY：NTD	21,658	0.27	5,848
USD：HKD	27,115	7.77	822,398
RMB : HKD	504,852	1.13	2,226,397
USD : RMB	36,495	6.89	1,106,893

v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2018 and 2017 amounted to $21,747 and ($93,232), respectively.

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

	Three months ended March 31, 2018		
	Sensitivity Analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 93,969	$ -
RMB：NTD	1%	2,051	-
HKD：NTD	1%	326	-
JPY：NTD	1%	1,017	-
USD：HKD	1%	66	-
RMB：HKD	1%	221	-
USD：RMB	1%	3,362	-
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 120,752	$ -
HKD：NTD	1%	34	-
JPY：NTD	1%	315	-
USD : HKD	1%	3,029	-
RMB：HKD	1%	22,951	-
USD：RMB	1%	14,768	-

	Three months ended March 31, 2017		
	Sensitivity Analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 99,114	$ -
RMB：NTD	1%	26	-
HKD：NTD	1%	436	-
JPY：NTD	1%	1,099	-
USD：HKD	1%	109	-
RMB：HKD	1%	646	-
USD：RMB	1%	44,951	-
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 90,469	$ -
HKD：NTD	1%	132	-
JPY：NTD	1%	58	-
USD : HKD	1%	8,224	-
RMB：HKD	1%	22,264	-
USD：RMB	1%	11,069	-

Price risk

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

ii. The Group’s investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant. Other components of equity would have increased (decreased) by $4,270 and $6,647, respectively, as a result of gains/losses on equity securities other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's interest rates of borrowings are fixed and floating rate. For three months ended March 31, 2018 and 2017, the Group's borrowings issued by floating rate are pricing at New Taiwan dollars.

ii. As of March 31, 2018 and 2017, if interest rates on borrowings at that date had been 1% lower/higher with all other variables held constant, post-tax profit for the three months ended March 31, 2018 and 2017 would have been $86,682 and $51,159 lower/higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

(b) Credit risk

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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

B. 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.

C. Group treasury manages credit risk of cash in banks and other financial instruments based on the Group's credit policy. Because the Group's counterparties are determined based on the Group's internal control, only rated banks with an optimal rating and financial institutes with investment grade are accepted.

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

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

(b) The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 120 days.

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

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

(b) A breach of contract.

F. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.

G. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable on March 31, 2018, the provision matrix is as follows:

	Without past due	Up to 30 days	30 to 120 days	Over 120 days	Total
March 31, 2018					
Expected loss rate	0.03%	1.17%	7.38%	80.91%	
Total book value	$ 8,970,859	$ 617,926	$ 113,297	$ 81,141	$ 9,783,223
Loss allowance	$ 2,691	$ 7,217	$ 8,364	$ 68,008	$ 86,280

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

	2018
At January 1_IAS 39	$ 99,177
Adjustments under new standards	-
At January 1_IFRS 9	99,177
Reversal of impairment loss	(12,583)
Effect of exchange rate changes	(314)
At March 31	$ 86,280

I. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

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

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

Non-derivative financial liabilities:

March 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 3,689,773	$ -	$ -	$ -	$ -
Notes payable	3,140	-	-	-	-
Accounts payable	13,631,246	-	-	-	-
Other payables	4,862,431	-	-	-	-
Long-term borrowings (including current portion)	484,088	576,721	4,233,591	5,700,212	-

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 3,194,456	$ -	$ -	$ -	$ -
Notes payable	11,101	-	-	-	-
Accounts payable	18,667,634	-	-	-	-
Other payables	6,195,233	-	-	-	-
Long-term borrowings (including current portion)	398,376	626,075	2,847,323	7,125,635	-

Non-derivative financial liabilities:

March 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 8,455,459	$ -	$ -	$ -	$ -
Notes payable	2,161	-	-	-	-
Accounts payable	10,852,891	-	-	-	-
Other payables	5,548,040	-	-	-	-
Long-term borrowings (including current portion)	185,796	342,238	20,570	5,604,989	10,127

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

(3) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks 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 or indirectly. The fair value of the Group's investment in non-hedging derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. The carrying amounts of the financial instruments that are not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables) are approximate to their fair values.

D. 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 is as follows:

March 31, 2018	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 8,731	$ 8,731
Forward foreign exchange contracts	-	488	-	488
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	569,279	569,279
	$ -	$ 488	$ 578,010	$ 578,498

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 318	$ -	$ 318

March 31, 2017	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Available-for-sale financial assets	$ 886,326	$ -	$ -	$ 886,326

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

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

	Listed shares
Market quoted price	Closing price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, 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.

(d) 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. 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.

(e) 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.

F. For the three months ended March 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the three months ended March 31, 2018:

	2018		
	Convertible bonds	Equity securities	Total
At January 1	$ 8,928	$ 628,114	$ 637,042
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	(86,500)	(86,500)
Acquired during the period	-	736	736
Effect of exchange rate changes	(197)	26,929	26,732
At March 31	$ 8,731	$ 569,279	$ 578,010

H. For the three months ended March 31, 2018 and 2017, there was no transfer into or out from Level 3.

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

J. 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 at March 31, 2018	Valuation technique	Significant Unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 569,279	Market comparable companies	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value

	Fair value at March 31, 2018	Valuation technique	Significant Unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bonds	$ 8,731	Market comparable companies	Expected price volatility	-	The higher the volatility, the higher the fair value

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets and liabilities categorised within Level 3, there is no significant impact to other comprehensive income on March 31, 2018 if the net asset value increase or decrease by 1%.

(4) <u>Effects on initial application of IFRS 9, 'Leases'</u>

A. The significant accounting policies adopted in 2017 are provided in Note 4 of the 2017 financial statements.

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

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive Income-equity	Measured at cost	Debt instrument without active market	Total	Effects: Retained earnings	Effects: Other equity
IAS 39	$ -	$ -	$ 628,506	$ 8,536	$ 637,042	$ -	$ -
Transferred into and measured at fair value through profit or loss	8,928	-	(392)	(8,536)	-	-	-
Transferred into and measured at fair value through other comprehensive income-equity	-	628,114	(628,114)	-	-	76,271	(76,271)
IFRS 9	$ 8,928	$ 628,114	$ -	$ -	$ 637,042	$ 76,271	($ 76,271)

(a) Under IAS 39, because the equity instruments, which were classified as financial assets at cost amounting to $628,506, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" amounting to $628,114, increased retained earnings and decreased other equity interest in the amounts of $76,271 and $76,271, respectively, on initial application of IFRS 9.

(b) Under IAS 39, because the cash flows of debt instruments, which were classified as debt instruments without active market and financial assets at cost amounting to $8,928, do not meet the condition that it is intended to settle the principal and interest on the outstanding principal balance, they were reclassified as "financial assets at fair value through profit or loss" amounting to $8,928 on initial application of IFRS 9.

C. The significant accounts on December 31, 2017 and March 31, 2017 are as follows:

(a) Financial assets at fair value through profit or loss

Items	December 31, 2017	March 31, 2017
Current items:		
Financial assets held for trading		
Non-hedging derivatives	$ 318	$ -

i. The Group did not recognise any net gain on financial assets held for trading for the three months ended March 31, 2017.

ii. The non-hedging derivative instruments transaction and contract information are as follows (No non-hedging derivative instruments transaction as of March 31, 2017):

	December 31, 2017	
Derivative financial assets	Contract amount (notional principal) (in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	USD 4,000	2017/09~2018/02

The Group entered into forward foreign exchange contracts to sell HKD and buy USD to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

(b) Available-for-sale financial assets

Items	December 31, 2017	March 31, 2017
Non-current items:		
Listed stocks	$ -	$ 69,020
Valuation adjustment of available-for-sale financial assets	-	817,306
Total	$ -	$ 886,326

i. The Group recognised ($531,523) in other comprehensive income for fair value change and reclassified $307,441 from equity to profit or loss for the three months ended March 31, 2017.

ii. As of December 31, 2017 and March 31, 2017, no available-for-sale financial assets were pledged to others.

(c) Financial assets measured at cost

Items	December 31, 2017	March 31, 2017
Current item:		
Conversion options	$ 392	$ 442
Non-current item:		
Non-publicly traded company stocks	$ 628,114	$ 660,421

i. Based on the Group's intention, its investment in stocks and conversion options embedded in convertible corporate bonds should be classified as 'available-for-sale financial assets' and 'financial assets at fair value through profit and loss'. However, as the above stocks and conversion options are not traded in an active market, and no sufficient industry information of companies similar to the above company or above company's financial information can be obtained, the fair value of the investment in stocks and conversion options cannot be measured reliably. Thus, the Group classified those stocks and conversion options as "financial assets measured at cost".

ii. As of December 31, 2017 and March 31, 2017, no financial assets measured at cost held by the Group were pledged to others.

(d) Investments in debt instrument without active markets

Items	December 31, 2017	March 31, 2017
Current item:		
Corporate bonds	$ 8,536	$ 8,657

i. On April 9, 2016, the Group invested in the convertible corporate bonds issued by foreign unlisted companies. The bonds are with a total issuance amount of US$1,750 thousand dollars and a coupon rate of 6% and mature on October 30, 2016. The Group extended the maturity to October 30, 2018. The interest is payable at maturity. The bonds can be converted to corresponding common stocks based on the agreement if the investee companies reach an agreement before the maturity. The amount of the host debt contract was recognised as investments in debt instrument without active market and the amount of conversion options of convertible bonds was recognised as financial assets measured at cost. Details are provided in Note 12(4) D (c).

ii. As of December 31, 2017 and March 31, 2017, no investments in debt instrument without active markets held by the Group were pledged to others.

D. Credit risk information on December 31, 2017 and March 31, 2017 are 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 financial institutions with high credit quality are accepted as counterparties of trade.

(b) Loan guarantees provided by the Company are in compliance with the Company's "Procedures for Provision of Endorsements and Guarantees" and are only provided to subsidiaries of which the Company owns directly more than 50% ownership or affiliates of which the Company owns directly or indirectly more than 50% ownership and on which the Company has a significant influence. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Company is the total amount of loan guarantees.

(c) As of December 31, 2017 and March 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.

(d) The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

(e) The ageing analysis of financial assets that were past due but not impaired is as follows:

	December 31, 2017	March 31, 2017
Up to 30 days	$ 620,448	$ 324,560
31 to 120 days	127,430	344,966
	$ 747,878	$ 669,526

The ageing analysis is based on the days past due.

(f) Movement analysis of financial assets that were impaired is as follows:

i. As of December 31, 2017 and March 31, 2017, the Group's accounts receivable that were impaired amounted to $99,177 and $258,104, respectively.

ii. Movements in the provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 290,917	$ 290,917
Reversal for impairment	-	(191,740)	(191,740)
At December 31	$ -	$ 99,177	$ 99,177

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 290,917	$ 290,917
Reversal for impairment	-	(32,813)	(32,813)
At March 31	$ -	$ 258,104	$ 258,104

(5) Effects of initial application of IFRS 15

A. The significant accounting policies adopted in 2017 are provided in Note 4 of the 2017 financial statements.

B. The revenue recognised by using the above accounting policies for the three months ended March 31, 2017 amounts to $18,164,653.

C. The effects on and description of current balance sheets items if the Group continues adopting the above accounting policies in the first quarter of 2018 are as follows:

		March 31, 2018		
Balance sheet items	Description	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policies
Accounts receivable	(1)	$ 10,306,333	$ 10,279,470	$ 26,863
Contract liabilities	(2)	394,618	-	(394,618)
Other current liabilities	(2)	1,347,424	1,742,042	394,618
Refund liability	(1)	26,863	-	(26,863)

Note: No impact to the current statement of comprehensive income on initial application IFRS 15.

(a) Expected sales discounts and allowances were previously presented as accounts receivable - allowance, and reclassified as refund liability under IFRS 15.

(b) Under IFRS 15, advance sale receipt in relation to customer contracts is recognised in contract liabilities, which is previously recognised in ‘other current liabilities’.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

For the investees' information, except for financial statements of CU, FII, FUII, Zhi De Investment, FGEDG, FGEKS, DGFQ and FOXLINK which were reviewed by the independent accountants of the Company, and PQI, APIX and Sinocity Industries Ltd. which were reviewed by other independent accountants, the financial statements of other subsidiaries were not reviewed because they did not meet the definition of significant subsidiaries. The disclosure information listed below is for reference.

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

B. Provision of endorsements and guarantees to others: Please refer to table 2.

(2) Segment information

The financial information of reportable segments provided to Chief Operating Decision-Maker is as follows:

Three months ended March 31, 2018

Unit：NTD thousands dollars

	3C component department	Systems and peripheral products department	3C product retail department	Other Operations	Adjustments	Total
External Revenue	$ 9,362,089	$ 6,503,133	$ 3,019,108	$ 89,644	$ -	$ 18,973,974
Revenue from Internal Customers	419,628	487,515	-	757	(907,900)	-
Segment Revenue	$ 9,781,717	$ 6,990,648	$ 3,019,108	$ 90,401	($ 907,900)	$ 18,973,974
Segment (Loss) profit	($ 429,329)	($ 216,938)	$ 5,256	$ 1,202	$ -	($ 639,809)

Three months ended March 31, 2017

Unit：NTD thousands dollars

	3C component department	Systems and peripheral products department	3C product retail department	Other Operations	Adjustments	Total
External Revenue	$ 8,800,684	$ 6,766,485	$ 2,498,164	$ 99,320	$ -	$ 18,164,653
Revenue from Internal Customers	744,558	25,364	-	246	(770,168)	-
Segment Revenue	$ 9,545,242	$ 6,791,849	$ 2,498,164	$ 99,566	($ 770,168)	$ 18,164,653
Segment (Loss) Profit	$ 132,794	($ 213,979)	($ 23,662)	($ 5,327)	$ -	($ 110,174)

Cheng Uei Precision Industry Co., Ltd.
Loans to others
Three months ended March 31, 2018

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended March 31, 2018	Balance at March 31, 2018	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
													Item	Value			
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	Other receivables-related parties	Yes	$ 208,320	$ -	$ -	2	2	$ -	Operations	$ -	-	$ -	$ 4,592,965	$ 9,344,698	
1	Fugang Electric (Kunshan) Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd	〃	〃	139,410	139,410	69,705	-	2	-	〃	-	-	-	4,592,965	9,344,698	
1	Fugang Electric (Kunshan) Co., Ltd.	Foxlink TianJin Co., Ltd.	〃	〃	46,470	46,470	37,176	-	2	-	〃	-	-	-	4,592,965	9,344,698	
1	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	〃	〃	58,088	58,088	-	-	2	-	〃	-	-	-	4,592,965	9,344,698	
1	Fugang Electric (Kunshan) Co., Ltd.	Foxlink TianJin Co., Ltd.	〃	〃	13,905	-	-	-	2	-	〃	-	-	-	4,592,965	9,344,698	
2	Studio A Inc.	Jing Sheng Technology Co., Ltd.	〃	〃	100,000	100,000	-	-	2	-	〃	-	-	-	4,592,965	9,344,698	
2	Studio A Inc.	ASHOP CO., LTD.	〃	〃	159,249	159,249	45,113	2	2	-	〃	-	-	-	4,592,965	9,344,698	
3	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	〃	〃	71,000	71,000	71,000	-	2	-	〃	-	-	-	4,592,965	9,344,698	
3	World Circuit Technology Co., Ltd.	Microlink Communications Inc.	〃	〃	64,000	64,000	64,000	-	2	-	〃	-	-	-	4,592,965	9,344,698	
3	World Circuit Technology Co., Ltd.	Proconn Technology Co., Ltd.	〃	〃	87,000	87,000	87,000	-	2	-	〃	-	-	-	4,592,965	9,344,698	
4	Jing Jing Technology Co., Ltd.	Jing Sheng Technology Co., Ltd.	〃	〃	20,000	20,000	-	-	2	-	〃	-	-	-	4,592,965	9,344,698	
5	Culink (Tian Jin) Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	〃	〃	232,350	232,350	232,350	-	2	-	〃	-	-	-	4,592,965	9,344,698	
6	Neosonic Energy Technology (Tianjin) Ltd.	Foxlink TianJin Co., Ltd.	Other receivables-related parties	Yes	4,647	4,647	-	-	2	-	Operations	-	-	-	4,592,965	9,344,698	
6	Neosonic Energy Technology (Tianjin) Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	〃	〃	183,557	183,557	183,557	-	2	-	〃	-	-	-	4,592,965	9,344,698	
7	Kuenshan Fugang Electronics Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	〃	〃	105,998	105,998	102,998	-	2	-	〃	-	-	-	4,592,965	9,344,698	
8	FOXWELL ENERGY CORPORATION LTD.	Shinfox Co., Ltd.	〃	〃	35,000	35,000	25,000	2	2	-	〃	-	-	-	134,819	269,638	
8	FOXWELL ENERGY CORPORATION LTD.	Power Quotient International Co., Ltd.	〃	〃	100,000	100,000	-	Over 1 month, 1%	2	-	Capital planning	-	-	-	134,819	269,638	
9	Fu Uei International Investment Ltd.	Shinfox Co., Ltd.	〃	〃	25,000	10,000	10,000	2.616	2	-	Operations	-	-	-	134,819	269,638	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three months ended March 31, 2018	Balance at March 31, 2018	Actual amount drawn down	Interest rate	Nature of loan (Note 1)	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 (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
9	Fu Uei International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd.	〃	〃	$ 170,000	$ 170,000	$ 160,000	-	2	$ -	〃	$ -	-	$ -	$ 134,819	$ 269,638	
10	FOXLINK TECHNOLOGY	Cheng Uei Precision Industry Co., Ltd.	〃	〃	741,024	741,024	695,610	-	2	-	〃	-	-	-	4,592,965	9,185,929	
10	FOXLINK TECHNOLOGY LIMITED	CU INTERNATIONAL LTD.	〃	〃	109,205	109,205	109,205	-	2	-	〃	-	-	-	4,592,965	9,185,929	
11	Foxlink TianJin Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	〃	〃	975,870	975,870	-	-	2	-	〃	-	-	-	4,592,965	9,185,929	
11	Foxlink TianJin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	〃	〃	418,230	418,230	-	-	2	-	〃	-	-	-	4,592,965	9,185,929	
11	Foxlink TianJin Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	〃	〃	385,701	385,701	385,701	-	2	-	〃	-	-	-	4,592,965	9,185,929	
11	Foxlink TianJin Co., Ltd.	FUGANG ELECTRIC (XUZHOU) CO.,LTD.	〃	〃	23,235	23,235	23,235	-	2	-	〃	-	-	-	4,592,965	9,185,929	
11	Foxlink TianJin Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	〃	〃	232,350	-	-	-	2	-	〃	-	-	-	4,592,965	9,185,929	
12	Power Quotient Technology (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co., Ltd.	〃	〃	464,700	464,700	464,700	-	2	-	〃	-	-	-	460,132	920,264	
13	Jiangsu Foxlink New Energy Technology Co., Ltd.	Donghai County Cheng Uei Travel Industry Co., Ltd.	〃	〃	70,162	-	-	-	2	-	〃	-	-	-	460,132	920,264	
14	Foxlink International Investment Ltd. (FII)	Cheng Uei Precision Industry Co., Ltd.	〃	〃	130,000	130,000	130,000	-	2	-	Operations	-	-	-	4,592,965	9,185,929	

Note 1: The numbers as follows represent the nature of loan:

a) Business transaction is labelled as "1".

b) Short-term financing is labelled as "2".

Note 2: Limit on loans granted to a single party is 20% of the Company's net assets value.

Note 3: Ceiling on total loans granted to all parties is 40% of the Company's net assets value.

Cheng Uei Precision Industry Co., Ltd.
Provision of endorsements and guarantees to others
Three months ended March 31, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2018	Outstanding endorsement/ guarantee amount at March 31, 2018	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor											
0	Cheng Uei Precision Industry Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	An indirect wholly-owned subsidiary	$ 11,482,412	$ 1,394,100	$ 1,394,100	$ 1,394,100	$ -	6.07	$ 11,482,412	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	Jing Sheng Technology Co., Ltd.	〃	9,185,929	297,600	291,050	13,712	-	1.27	11,482,412	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	〃	9,185,929	148,800	145,525	87,315	-	0.63	11,482,412	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Inc.	〃	9,185,929	1,026,720	1,004,123	214,574	-	4.37	11,482,412	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Technology Limited	〃	9,185,929	1,845,120	1,804,510	72,180	-	7.86	11,482,412	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	〃	9,185,929	1,145,760	1,120,543	64,322	-	4.88	11,482,412	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INTERNATIONAL INCORPORATION	〃	11,482,412	964,224	943,002	-	-	4.11	11,482,412	Y	N	N	
1	Power Quotient International Co., Ltd.	SINOCITY INDUSTRIES LIMITED	〃	1,150,330	291,950	291,050	291,050	-	12.65	1,150,330	Y	N	N	
2	Studio A Inc.	ASHOP CO., LTD.	Studio A Inc., subsidiary	9,185,929	357,120	145,525	87,315	-	0.63	11,482,412	Y	N	N	
2	Studio A Inc.	Studio A Technology Limited	〃	9,185,929	189,930	189,183	-	-	0.82	11,482,412	Y	N	N	
3	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	Affiliates	11,482,412	1,275,369	1,275,369	1,275,369	-	5.55	11,482,412	Y	N	Y	
3	Fugang Electric (Kunshan) Co., Ltd.	KUNSHAN FUGANG ELECTRIC TRADING CO.,LTD.	〃	9,185,929	92,940	92,940	92,940	-	0.44	11,482,412	Y	N	Y	

Note 1: Calculation for limit on endorsements/guarantees provided for a single party is as follows:
For subsidiaries whose shares are 90% or above held by the Company, ceiling on total amount of endorsements and guarantees provided by the Company is 50% of the Company's net assets value; limit on endorsements and guarantees provided by the Company for a single party is 40% of the Company's net assets value.

For PQI, ceiling on total amount of endorsements and guarantees provided by PQI is 50% of PQI’s net assets value.

Note 2: The Company’s guarantee to others should not exceed 50% of the Company’s net assets.
PQI’s guarantee to others and subsidiaries should not exceed 50% of PQI’s net assets.