CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 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

PWCR 18000136

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 September 30, 2018 and 2017, and the related consolidated statements of comprehensive income for the three months and nine months then ended, of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

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$16,420,267 thousand and NT$16,638,483 thousand, constituting 25.77% and 23.08% of the consolidated total assets, and total liabilities of NT$5,344,675 thousand and NT$5,281,474 thousand, constituting 13.30% and 11.68% of the consolidated total liabilities as at September 30, 2018 and 2017, and total comprehensive (loss) income of NT($58,251) thousand NT$168,187 thousand, NT($438,873) thousand and NT$47,492 thousand, constituting 63.38%, 18.81%, 35.99% and 9.61% of the consolidated total comprehensive (loss) income for the three months and nine 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 September 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months and nine months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Emphasis of matter –significant unresolved litigation involving investments accounted for using equity method

As described in Notes 6(7) and 9(2) to the consolidated financial statements, Central Motion Picture Corporation, an equity-method investment of the Group, was determined to be an affiliate organisation of the Kuomintang by the Ill-gotten Party Assets Settlement Committee in its written disposition issued on October 9, 2018. Under Article 16 of the Act Governing the Settlement of Ill-gotten Properties by Political Parties and Their Affiliate Organisations, Central Motion Picture Corporation may file an administrative litigation in the Taipei High Administrative Court within two months after the aforementioned written disposition was served. In addition, Central Motion Picture Corporation may file for a suspension of execution under Paragraph 2, Article 116 of the Administrative Litigation Act. As of the financial reporting date, the possible result of this litigation cannot be determined, therefore our opinion is not modified in respect of this matter.

Emphasis of matter –significant events after the balance sheet date

As described in Note 11 to the consolidated financial statements, the Group's subsidiary, PQI, and equity-method investments, Foxlink Image Technology Co., Ltd. and GLORY SCIENCE CO., LTD., became wholly-owned subsidiaries of the newly formed company FIT Holding Co., Ltd. through a joint share swap and ceased to be publicly traded companies on October 1, 2018 in accordance with relevant regulations. The public trading of the shares of FIT Holding Co., Ltd. commenced on the same date. Our opinion is not modified in respect of this matter.

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$4,168,076 thousand and NT$4,723,935 thousand, constituting 6.54% and 6.55% of the consolidated total assets, and total liabilities of NT$2,409,507 thousand and NT$1,797,238 thousand, constituting 6.00% and 3.97% of the consolidated total liabilities as at September 30, 2018 and 2017, and total operating revenues of NT$752,074 thousand, NT$533,216 thousand, NT$2,136,275 and NT$1,491,407 thousand, constituting 3.31%, 1.95%, 3.42% and 2.32% of the consolidated total operating revenues for the three months and nine months then ended.

Lin, Se-Kai　　　　　　　　　　　　Chou, Hsiao-Tzu

For and on behalf of PricewaterhouseCoopers, Taiwan

November 14, 2018

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018, DECEMBER 31, 2017 AND SEPTEMBER 30, 2017
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2018 and 2017 are reviewed, not audited)

			September 30, 2018		December 31, 2017		September 30, 2017	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	CURRENT ASSETS							
1100	Cash and cash equivalents	6(1)	$ 3,800,218	6	$ 7,631,619	11	$ 7,207,644	10
1110	Financial assets at fair value through profit or loss - current	6(2), 12(3)(4)	9,158	-	318	-	346	-
1144	Financial assets carried at cost - current	12(4)	-	-	392	-	441	-
1147	Investments in debt instrument without active market - current	12(4)	-	-	8,536	-	8,637	-
1150	Notes receivable, net		16,473	-	56,248	-	67,817	-
1170	Accounts receivable, net	6(4) and 12(4)	11,302,241	18	15,178,517	22	15,770,012	22
1180	Accounts receivable, net - related parties	7	758,741	1	689,312	1	1,003,399	1
1200	Other receivables	6(5)	807,671	1	261,879	-	210,326	-
1210	Other receivables - related parties	7	79,082	-	83,086	-	306,390	1
1220	Current income tax assets	6(26)	7,038	-	2,467	-	21,164	-
130X	Inventories, net	6(6)	13,681,517	21	11,400,328	17	12,279,535	17
1410	Prepayments		1,263,480	2	1,778,352	3	1,267,428	2
1470	Other current assets	6(1) and 8	1,004,381	2	712,575	1	809,016	1
11XX	**TOTAL CURRENT ASSETS**		32,730,000	51	37,803,629	55	38,952,155	54
	NON-CURRENT ASSETS							
1517	Financial assets at fair value through other comprehensive income-non-current	6(3)	707,518	1	-	-	-	-
1523	Available-for-sale financial assets - non-current	12(3)(4)	-	-	-	-	1,000,897	2
1543	Financial assets carried at cost-non-current	12(4)	-	-	628,114	1	659,960	1
1550	Investments accounted for under equity method	6(7)	6,042,551	9	6,000,123	9	5,756,588	8
1600	Property, plant and equipment, net	6(8)	19,578,545	31	19,529,163	29	19,506,358	27
1760	Investment property, net	6(9)	218,283	-	237,793	-	241,771	-
1780	Intangible assets, net	6(10)	1,042,312	2	1,004,301	1	2,580,609	4
1840	Deferred income tax assets	6(26)	39,046	-	135,537	-	280,983	-
1915	Prepayments for business facilities		1,674,471	3	817,258	1	689,680	1
1990	Other non-current assets, others	6(11) and 8	1,681,837	3	2,455,839	4	2,407,715	3
15XX	**TOTAL NON-CURRENT ASSETS**		30,984,563	49	30,808,128	45	33,124,561	46
1XXX	**TOTAL ASSETS**		$ 63,714,563	100	$ 68,611,757	100	$ 72,076,716	100

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2018, DECEMBER 31, 2017 AND SEPTEMBER 30, 2017
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2018 and 2017 are reviewed, not audited)

			September 30, 2018		December 31, 2017		September 30, 2017	
	LIABILITIES AND EQUITY	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	CURRENT LIABILITIES							
2100	Short-term borrowings	6(12)	$ 628,213	1	$ 3,194,456	5	$ 8,554,617	12
2120	Financial liabilities at fair value through profit or loss - current	6(2), 12(3)(4)	1,469	-	-	-	-	-
2130	Current contract liabilities	6(20) and 12(5)	519,216	1	-	-	-	-
2150	Notes payable		1,565	-	11,101	-	1,943	-
2170	Accounts payable		16,582,768	26	18,247,169	27	19,692,932	28
2180	Accounts payable - related parties	7	533,098	1	420,465	1	508,572	1
2200	Other payables	6(13) and 7	5,934,129	9	6,195,233	9	5,943,293	8
2230	Current income tax liabilities	6(26)	228,328	-	308,904	-	230,658	-
2365	Current refund liabilities	12(5)	19,363	-	-	-	-	-
2399	Other current liabilities, others	6(14), 9 and 12(5)	576,256	1	996,590	1	921,341	1
21XX	**TOTAL CURRENT LIABILITIES**		25,024,405	39	29,373,918	43	35,853,356	50
	NON-CURRENT LIABILITIES							
2540	Long-term borrowings	6(14)	12,475,713	20	10,433,539	15	6,009,643	8
2570	Deferred income tax liabilities	6(26)	311,707	-	616,820	1	928,501	1
2600	Other non-current liabilities	6(7)(11)(15)	2,378,720	4	2,467,814	4	2,423,944	4
25XX	**TOTAL NON-CURRENT LIABILITIES**		15,166,140	24	13,518,173	20	9,362,088	13
2XXX	**TOTAL LIABILITIES**		40,190,545	63	42,892,091	63	45,215,444	63
	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	7
	Capital reserve	6(17)						
3200	Capital surplus		9,502,696	15	9,468,665	14	9,468,410	12
	Retained earnings							
3310	Legal reserve		2,742,480	4	2,609,021	4	2,609,021	4
3320	Special reserve		1,508,296	2	665,206	1	665,206	1
3350	Unappropriated earnings	6(18)	4,091,259	6	6,338,675	9	6,127,610	9
	Other equity	6(19)						
3400	Other equity interest		(1,811,359)	(2)	(843,090)	(1)	(325,190)	-
31XX	**Equity attributable to owners of the parent**		21,156,641	33	23,361,746	34	23,668,326	33
36XX	**Non-controlling interests**		2,367,377	4	2,357,920	3	3,192,946	4
3XXX	**TOTAL EQUITY**		23,524,018	37	25,719,666	37	26,861,272	37
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**TOTAL LIABILITIES AND EQUITY**		$ 63,714,563	100	$ 68,611,757	100	$ 72,076,716	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
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(Reviewed, not audited)

			Three months ended September 30				Nine months ended September 30			
			2018		2017		2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(20) and 7	$ 22,700,790	100	$ 27,399,185	100	$ 62,449,402	100	$ 64,243,353	100
5000	**Operating costs**	6(6)(24)(25) and 7	(20,212,258)	(89)	(24,605,814)	(90)	(57,385,249)	(92)	(57,719,327)	(90)
5900	**Gross profit**		2,488,532	11	2,793,371	10	5,064,153	8	6,524,026	10
	Operating expenses	6(24)(25)(29)								
6100	Sales and marketing expenses		(473,378)	(2)	(614,249)	(2)	(1,453,016)	(2)	(1,654,382)	(3)
6200	General and administrative expenses		(871,541)	(4)	(1,144,742)	(4)	(2,680,784)	(4)	(2,907,099)	(4)
6300	Research and development expenses		(539,467)	(2)	(492,907)	(2)	(1,547,954)	(3)	(1,449,178)	(2)
6450	Impairment loss	12(2)	(15,098)	-	-	-	(15,412)	-	-	-
6000	**Total operating expenses**		(1,899,484)	(8)	(2,251,898)	(8)	(5,697,166)	(9)	(6,010,659)	(9)
6900	**Operating income (loss)**		589,048	3	541,473	2	(633,013)	(1)	513,367	1
	Non-operating income and expenses									
7010	Other income	6(21) and 7	97,764	-	72,401	-	361,780	1	399,283	1
7020	Other gains and losses	6(22)	116,051	1	20,111	-	88,436	-	274,989	-
7050	Finance costs	6(23)	(66,963)	-	(72,861)	-	(208,583)	-	(203,594)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(7)	98,870	-	144,246	-	265,758	-	285,466	-
7000	**Total non-operating income and expenses**		245,722	1	163,897	-	507,391	1	756,144	1
7900	**(Loss) income before income tax**		834,770	4	705,370	2	(125,622)	-	1,269,511	2
7950	Income tax expense	6(26)	(170,658)	(1)	(106,883)	-	(161,956)	-	(274,510)	-
8200	**Net (loss) income**		$ 664,112	3	$ 598,487	2	($ 287,578)	-	$ 995,001	2
	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)	($ 1,365)	-	$ -	-	($ 87,865)	-	$ -	-
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		(56,792)	-	-	-	(253,187)	(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 that will not be reclassified to profit or loss**		(58,157)	-	-	-	(339,382)	(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)	(788,221)	(4)	287,574	1	(651,553)	(1)	(96,158)	-
8362	Unrealised (loss) gain on valuation of available-for-sale financial assets	6(19) and 12(4)	-	-	19,540	-	-	-	(448,658)	(1)
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		(79,024)	-	29,822	-	(74,629)	-	40,034	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(26)	169,381	1	(41,363)	-	133,802	-	3,812	-
8360	**Total components of other comprehensive income (loss) that will be reclassified to profit or loss**		(697,864)	(3)	295,573	1	(592,380)	(1)	(500,970)	(1)
8300	**Other comprehensive income (loss), net**		($ 756,021)	(3)	$ 295,573	1	($ 931,762)	(2)	($ 500,970)	(1)
8500	**Total comprehensive income (loss) for the period**		($ 91,909)	-	$ 894,060	3	($ 1,219,340)	(2)	$ 494,031	1
	Net (loss) income attributable to:									
8610	Shareholders of the parent		$ 638,511	3	$ 627,916	2	($ 289,385)	-	$ 1,101,799	2
8620	Non-controlling interests		25,601	-	(29,429)	-	1,807	-	(106,798)	-
	Total		$ 664,112	3	$ 598,487	2	($ 287,578)	-	$ 995,001	2

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
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(Reviewed, not audited)

			Three months ended September 30				Nine months ended September 30			
			2018		2017		2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Total comprehensive loss attributable to:									
8710	Shareholders of the parent		($ 97,169)	-	$ 931,453	3	($ 1,179,701)	(2)	$ 766,920	1
8720	Non-controlling interests		5,260	-	(37,393)	-	(39,639)	-	(272,889)	-
	Total		($ 91,909)	-	$ 894,060	3	($ 1,219,340)	(2)	$ 494,031	1
	Basic earnings per share (in dollars)	6(27)								
9750	**Total basic earnings per share**		$ 1.25		$ 1.23		($ 0.56)		$ 2.15	
	Diluted earnings per share (in dollars)	6(27)								
9850	**Total diluted earnings per share**		$ 1.25		$ 1.22		($ 0.56)		$ 2.14	

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
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

		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	Non-controlling interest	Total equity
Nine months ended September 30, 2017												
Balance at January 1		$ 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
Net income (loss) for the period		-	-	-	-	1,101,799	-	-	-	1,101,799	(106,798)	995,001
Other comprehensive income (loss) for the period	6(19)	-	-	-	-	-	55,104	-	(389,983)	(334,879)	(166,091)	(500,970)
Total comprehensive income (loss)		-	-	-	-	1,101,799	55,104	-	(389,983)	766,920	(272,889)	494,031
Appropriation of 2016 earnings	6(18)											
Legal reserve		-	-	79,276	-	(79,276)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(768,490)	-	-	-	(768,490)	-	(768,490)
Difference between consideration and carrying amount of the subsidiaries acquired or disposed	6(17)	-	188	-	-	-	-	-	-	188	-	188
Adjustments to share of changes in equity of associates and joint ventures accounted for using equity method	6(17)	-	33,741	-	-	(749)	-	-	-	32,992	-	32,992
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	17,619	17,619
Balance at September 30, 2017		$ 5,123,269	$ 9,468,410	$ 2,609,021	$ 665,206	$ 6,127,610	($ 1,028,641)	$ -	$ 703,451	$ 23,668,326	$ 3,192,946	$ 26,861,272
Nine months ended September 30, 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) and 12(4)	-	-	-	-	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
Net income (loss) for the period		-	-	-	-	(289,385)	-	-	-	(289,385)	1,807	(287,578)
Other comprehensive income (loss) for the period	6(19)	-	-	-	-	1,682	(600,554)	(291,444)	-	(890,316)	(41,446)	(931,762)
Total comprehensive loss		-	-	-	-	(287,703)	(600,554)	(291,444)	-	(1,179,701)	(39,639)	(1,219,340)
Appropriation of 2017 earnings	6(18)											
Legal reserve		-	-	133,459	-	(133,459)	-	-	-	-	-	-
Special reserve		-	-	-	843,090	(843,090)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,024,654)	-	-	-	(1,024,654)	-	(1,024,654)
Changes in ownership interests in subsidiaries	6(17)	-	140	-	-	(11,892)	-	-	-	(11,752)	-	(11,752)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	6(28)	-	-	-	-	(22,148)	-	-	-	(22,148)	(24,002)	(46,150)
Adjustments to share of changes in equity of associates and joint ventures accounted for using equity method	6(17)	-	33,891	-	-	(741)	-	-	-	33,150	-	33,150
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	73,098	73,098
Balance at September 30, 2018		$ 5,123,269	$ 9,502,696	$ 2,742,480	$ 1,508,296	$ 4,091,259	($ 1,508,375)	($ 302,984)	$ -	$ 21,156,641	$ 2,367,377	$ 23,524,018

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
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Nine months ended September 30, 2018	Nine months ended September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 125,622)	$ 1,269,511
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealized loss (gain) on financial assets at fair value through profit or loss	6(2)	1,787	(346)
Depreciation (including investment property)	6(8)(9)(24)	2,140,105	2,350,906
Amortisation (including long-term prepaid rent amortisation)	6(10)(11)(24)	47,143	69,533
Impairment loss	6(4) and 12(2)	15,412	-
Gain on bad debt recoveries	6(4)	-	(143,298)
Interest expense	6(23)	208,583	203,594
Interest income	6(21)	(57,770)	(66,428)
Share of profit of associates accounted for using the equity method	6(7)	(265,758)	(285,466)
Loss on disposal of property, plant and equipment	6(22)	98,193	89,532
Gain on diposal of investment	6(22)	(54,139)	(409,578)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		39,775	(2,164)
Accounts receivable		3,860,581	(365,778)
Accounts receivable from related parties		(69,429)	118,901
Other receivables		(545,868)	83,021
Other receivables from related parties		4,004	13,802
Inventories		(2,294,428)	(3,092,238)
Prepayments		330,251	(81,877)
Other current assets		(37,348)	22,140
Other non-current assets		(453,804)	83,680
Changes in operating liabilities			
Contract liabilities		519,216	-
Notes payable		(9,536)	(2,550)
Accounts payable		(1,664,425)	6,069,109
Accounts payable to related parties		112,657	153,730
Other payables		(32,913)	(829,748)
Refund liability		19,363	-
Other current liabilities		1,926,891	(311,430)
Other non-current liabilities		(89,094)	376,530
Cash inflow generated from operations		3,623,827	5,313,088
Interest received		57,770	66,428
Dividends received		324,577	232,492
Interest paid		(208,515)	(205,404)
Income tax paid		(315,681)	(286,682)
Net cash flows from operating activities		3,481,978	5,119,922

(Continued)

CHENG UEI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Nine months ended September 30, 2018	Nine months ended September 30, 2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income	12(3)	($ 164,896)	$ -
Proceeds from disposal of available-for-sale financial assets		-	454,350
Proceeds from disposal of subsidiaries,net of disposed cash	6(30)	(214,843)	-
Proceeds from disposal of long-term equity investment		-	11,011
Acquisition of investments accounted for under the equity method		(158,334)	-
Acquisition of property, plant and equipment	6(30)	(4,044,634)	(2,336,689)
Proceeds from disposal of property, plant and equipment	6(8)	100,614	74,037
Acquisition of intangible assets	6(10)	(50,843)	(34,377)
Proceeds from disposal of intangible assets	6(10)	363	1,865
Long-term prepaid rents		-	(285,795)
Increase in other current assets		(254,458)	(247,733)
Current prepayments for investments	6(7)	(219,718)	-
Prepayments for business facilities		(862,965)	(76,692)
Net cash flows used in investing activities		(5,869,714)	(2,440,023)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(30)	(2,568,807)	(183,392)
Increase in long-term borrowings	6(30)	5,833,362	6,100,000
Repayment of long-term borrowings	6(30)	(3,837,636)	(7,032,486)
Increase in other payables-related parties	7	350,000	-
Cash dividends paid	6(20)	(1,024,654)	(768,490)
Net cash flows used in financing activities		(1,247,735)	(1,884,368)
Effect of change in exchange rates		(195,930)	(88,321)
Net (decrease) increase in cash and cash equivalents		(3,831,401)	707,210
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)	$ 3,800,218	$ 7,207,644

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

(Expressed in thousands of New Taiwan dollars, except as othwise indicated)

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 November 14, 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	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	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’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at 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) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B.

B. IFRS 15, ‘Revenue from contracts with customers’ and amendments

(a) 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.

(b) The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The Group applied retrospectively IFRS 15 only to incomplete contracts as of January 1, 2018, by adopting an optional transition expedient. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

i. Presentation of assets and liabilities in relation to contracts with customers

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 refund liabilities (shown as other current 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 amounted to $54,284.

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 28, ‘Long-term interests in associates and joint	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 expects to recognise the lease contract of lessees in line with IFRS 16, However, the Group does not intend to restate the financial statements of prior period (collectively referred herein as the “modified retrospective approach”), and the effects will be adjusted on January 1, 2019.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2021
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2021
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 nine months ended September 30, 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 third quarter of 2017 were not restated. The financial statements for the year ended December 31, 2017 and the third 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 and details of significant accounts.

(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	September 30, 2018	December 31, 2017	September 30, 2017	Description
The Company	CU International Ltd. (CU)	Manufacture of electronic telecommunication components and reinvestment business	100	100	100	Note 13
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 13
The Company	Fu Uei International Investment Ltd. (FUII)	General investments holding	100	100	100	Note 13
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2018	Ownership (%) December 31, 2017	Ownership (%) September 30, 2017	Description
CU	Fugang Electronic (Dong Guan) Co., Ltd. (FGEDG)	Manufacture of electronic telecommunication components	100	100	100	Note 13
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 13
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	
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	83.17	Note 5, 13
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 8
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	100	Note 9
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	32.86	66.67	66.67	Note 11
CU	Kunshan Fugang Investment Co., Ltd. (Kunshan Fugang Investment)	General investments holding	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2018	December 31, 2017	September 30, 2017	Description
CU	Foxlink Technical India Private Limited (Foxlink India)	Manufacture of electronic telecommunication components	92.59	99.00	-	Note 3, 10
CU	FUGANG ELECTRIC (XUZHOU) CO., LTD.	Manufacture of electronic telecommunication components	100	-	-	Note 1
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	
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 8
FTJ	Fu Gang Electronic (Nan Chang) Co., Ltd. (FENC)	Manufacture of electronic telecommunication components	28	28	-	Note 9
FTJ	FUGANG ELECTRIC (MAANSHAN) CO., LTD. (FUGANG MAANSHAN)	Manufacture of electronic telecommunication components	50.71	-	-	Note 1, 11
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	7.41	1	-	Note 3, 10
CULINK	FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED (FOXLINK POWERBANK)	Manufacture of electronic telecommunication components	0.73	-	-	Note 1, 12
PACIFIC WEALTH	Foxlink International Inc. (FOXLINK)	Sales agent	100	100	100	Note 13
Kunshan Fugang Investment	Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Manufacture of electronic telecommunication components	16.83	16.83	16.83	Note 5, 13
Kunshan Fugang Investment	Fuqiang Electric (MAANSHAN) Co., Ltd.	Manufacture of electronic telecommunication components	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2018	December 31, 2017	September 30, 2017	Description
Kunshan Fugang Investment	FUGANG ELECTRIC (MAANSHAN) CO., LTD. (FUGANG MAANSHAN)	Manufacture of electronic telecommunication components	16.43	33.33	33.33	Note 11
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	9.24	9.22	9.22	Note 6, 13
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	
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	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2018	Ownership (%) December 31, 2017	Ownership (%) September 30, 2017	Description
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, 13
Shinfox	Foxwell Energy Corporation Ltd. (Foxwell Energy)	Energy service management	10.71	10.71	10.71	
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	
Shinfox	KUNSHAN JIUWEI INFO TECH CO., LTD.	Supply chain finance energy service management	100	100	100	Note 3
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	100	58	58	Note 14
Studio A	Jing Jing Technology Co., Ltd. (Jing Jing)	Sale of electronic telecommunication components	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2018	December 31, 2017	September 30, 2017	Description
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	
PQI	Syscom Development Co., Ltd. (SYSCOM)	Specialized investments holding	100	100	100	
PQI	Apix Limited (APIX)	Specialized investments holding	100	100	100	Note 13
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	89.29	
SYSCOM	Power Quotient International (SHANGHAI) Co., Ltd. (PQI SHANGHAI)	Sale of electronic telecommunication components	-	100	100	Note 2
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	99.27	-	-	Note 1, 12
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, 13

			Ownership (%)			
Name of investor	Name of subsidiary	Main business activities	September 30, 2018	December 31, 2017	September 30, 2017	Description
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, 13
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	Note 2
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. (Cheng Uei Travel)	Leasing and operating the held properties	-	100	100	Note 3, 15

Note 1: Investment or incorporation began in 2018.

Note 2: Dissolved or liquidated in 2018.

Note 3: Investment or incorporation began 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: On August 24, 2018, PQI retired 842,800 shares of the repurchased treasury stock. After the capital reduction, the Group held 42.67% of PQI's shares raising from 42.56%. However, the Group has still 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: 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 9: 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 10: CU has participated in Foxlink India's capital increase on December 29, 2017, April 16, 2018 and May 25, 2018 and CULINK has participated in Foxlink India's capital increase on September 19, 2018. After the capital increment, Foxlink India became a wholly-owned subsidiary of CU and CULINK with 92.59% and 7.41% ownership, respectively.

Note 11: FTJ has participated in Fugang Maanshan's capital increase on September 22, 2018 and held 50.71% shares in Fugang Maanshan. FTJ along with Kunshan Fugang Investment hold 100% of shares in Fugang Maanshan.

Note 12: Syscom has participated in Foxlink powerbank's capital increase in January and September, 2018. Syscom along with CULINK hold 100% of shares in Foxlink powerbank.

Note 13: For the nine months ended September 30, 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.

Note 14: On August 24, 2018, Studio A acquired additional 42% ASHOP issued shares for a cash consideration of $67,429. After the acquisition, Studio A wholly owned ASHOP. For information on transactions with non-controlling interest, please refer to Note 6(28).

Note 15: On September 3, 2018, the Group lost its control over the subsidiary, Donghai County Cheng Uei Travel Industry Co., Ltd., as the result of the 100% stock disposal. The Group recognised profit of $54,139 under 'other gains and losses' in the statement of comprehensive income. For information on cash flows of the subsidiary, please refer to Note 6 (30).

C. Subsidiaries not included in the consolidated financial statements:

			Ownership (%)			
Investor	Subsidiary	Main activity	September 30, 2018	December 31, 2017	September 30, 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 September 30, 2018, December 31, 2017 and September 30, 2017, the non-controlling interest amounted to $2,367,377, $2,357,920 and $3,192,946, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest					
		September 30, 2018		December 31, 2017		September 30, 2017	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)
PQI	Taiwan	$ 1,597,553	57.33	$ 1,639,969	57.44	$ 2,531,763	57.44

Summarized financial information of the subsidiaries:

Balance sheets

	PQI		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 2,378,372	$ 2,346,132	$ 2,161,266
Non-current assets	3,462,482	3,697,303	5,542,900
Current liabilities	(2,000,754)	(2,051,198)	(1,936,173)
Non-current liabilities	(1,398,366)	(1,482,022)	(1,288,328)
Total net assets	$ 2,441,734	$ 2,510,215	$ 4,479,665

Statements of comprehensive income

	PQI	
	Three months ended September 30,	
	2018	2017
Revenue	$ 756,272	$ 540,343
Profit (loss) before income tax	39,854	(36,545)
Income tax benefit (expense)	247	(1,956)
Profit (loss) for the period from continuing operations	39,607	(34,589)
Profit, attributable to non-controlling interests	563	175
Profit (loss) for the period	39,044	(34,764)
Other comprehensive loss, net of tax	(21,608)	(8,330)
Total comprehensive income (loss) for the period	$ 17,999	($ 42,919)
Comprehensive income attributable to non-controlling interest	$ 523	$ 175
Dividends paid to non-controlling interest	$ -	$ -

	PQI	
	Nine months ended September 30,	
	2018	2017
Revenue	$ 2,183,289	$ 1,519,657
Loss before income tax	9,638	(103,057)
Income tax expense	(5,269)	(11,112)
Loss from continuing operations for the period	14,907	(91,945)
Profit, attributable to non-controlling interests	1,759	241
Profit (loss) for the period	13,148	(92,186)
Other comprehensive loss, net of tax	(76,975)	(240,777)
Total comprehensive loss for the period	($ 62,068)	($ 332,722)
Comprehensive income attributable to non-controlling interest	$ 1,665	$ 241
Dividends paid to non-controlling interest	$ -	$ -

Statements of cash flows

	PQI	
	Nine months ended September 30,	
	2018	2017
Net cash (used in) provided by operating activities	($ 21,491)	1,449
Net cash used in investing activities	(430,340)	(565,168)
Net cash (used in) provided by financing activities	(23,706)	772,245
Effect of exchange rates on cash and cash equivalents	8,829	(32,795)
Decrease (increase) in cash and cash equivalents	(466,708)	175,731
Cash and cash equivalents, beginning of period	1,331,072	1,064,871
Cash and cash equivalents, end of period	$ 864,364	$ 1,240,602

(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.

(11) Income tax

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 during 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

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand and revolving funds	$ 260,704	$ 72,475	$ 19,284
Checking accounts and demand deposits	2,272,688	4,833,300	4,626,329
Cash equivalents			
Time deposits	2,206,717	3,423,146	3,328,983
Short-term notes and bills	29,980	-	26,001
	4,770,089	8,328,921	8,000,597
Less: Shown as "other current assets"			
-time deposits over three months	(770,383)	(479,416)	(432,412)
-restricted assets	(199,488)	(217,886)	(360,541)
Total	$ 3,800,218	$ 7,631,619	$ 7,207,644

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 and liabilities at fair value through profit or loss

Items	September 30, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Convertible bonds	$ 9,158
Financial liabilities mandatorily measured at fair value through profit or loss	
Forward foreign exchange contracts	$ 1,469

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

	Three months ended September 30, 2018	Nine months ended September 30, 2018
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Forward foreign exchange contracts	($ 422)	$ 327

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

	September 30, 2018		
Derivative instruments	Contract amount (notional principal) (in thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD	18,000	2018/4~2018/11

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 and liabilities at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(2).

E. The information on financial assets and liabilities at fair value through profit or loss as of December 31, 2017 and September 30, 2017 is provided in Note 12(4).

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

Items		September 30, 2018
Non-current items：		
Equity instruments		
Unlisted stocks	$	795,383
Valuation adjustment	(	87,865)
	$	707,518

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 $707,518 as at September 30, 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 September 30, 2018	Nine months ended September 30, 2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 1,365)	($ 87,865)

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 of financial assets at fair value through other comprehensive income is provided in Note 12(2).

E. The information on financial assets at fair value through other comprehensive income as of December 31, 2017 and September 30, 2017 is provided in Note 12(4).

(4) Accounts receivable

	September 30, 2018	December 31, 2017	September 30, 2017
Accounts receivable	$ 11,417,113	$ 15,331,978	$ 15,976,635
Less: Allowance for sales returns and discounts	-	(54,284)	(59,004)
Less: Loss allowance	(114,872)	(99,177)	(147,619)
	$ 11,302,241	$ 15,178,517	$ 15,770,012

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

	September 30, 2018	December 31, 2017	September 30, 2017
Not past due	$ 10,765,097	$ 14,484,923	$ 15,324,590
Up to 30 days	483,954	620,448	455,800
31 to 120 days	73,695	127,430	48,626
Over 120 days	94,367	99,177	147,619
	$ 11,417,113	$ 15,331,978	$ 15,976,635

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 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 of accounts receivable and notes receivable 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 September 30, 2017):

September 30, 2018

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced	Collateral provided
Mega International Commercial Bank	$ 1,434,472	$ 1,434,472	$ 1,526,250	$ 1,291,024	2.87%~2.92%	None
Bank of Taiwan	1,409,332	1,409,332	4,578,750	1,268,399	2.82%~2.83%	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

	September 30, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 4,248,591	($ 257,834)	$ 3,990,757
Work in progress	1,258,416	(64,335)	1,194,081
Finished goods (including merchandise)	9,026,132	(529,957)	8,496,175
Inventory in transit	504	-	504
	$ 14,533,643	($ 852,126)	$ 13,681,517

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,724,607	($ 219,712)	$ 3,504,895
Work in progress	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

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 4,286,283	($ 174,658)	$ 4,111,625
Work in progress	1,729,982	(49,209)	1,680,773
Finished goods (including merchandise)	6,753,107	(267,494)	6,485,613
Inventory in transit	1,524	-	1,524
	$ 12,770,896	($ 491,361)	$ 12,279,535

The cost of inventories recognised as expense for the period:

	Three months ended September 30, 2018	Three months ended September 30, 2017
Cost of inventories sold	$ 20,015,656	$ 247,754,048
Loss on (gain on reversal of) decline in market value	219,443	(94,396)
Others (revenue from sale of scraps)	(22,841)	(53,838)
	$ 20,212,258	$ 247,605,814

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cost of inventories sold	$ 57,181,544	$ 57,809,506
Loss on decline in market value	285,895	27,598
Others (revenue from sale of scraps)	(82,190)	(117,777)
	$ 57,385,249	$ 57,719,327

The Group reversed from a previous inventory write-down because obsolete and slow-moving inventories and inventories with decline in market value were partially sold by the Group for the three months ended September 30, 2018.

(7) Investments accounted for under the equity method

	September 30, 2018	
Investee	Amount	Ownership percentage (%)
Central Motion Picture Corporation	$ 1,768,213	13.60%
Glory Science Co., Ltd.	1,018,048	41.62%
Well Shin Technology Co., Ltd.	1,111,923	18.84%
Foxlink Image Technology Co., Ltd.	682,583	31.20%
Sharetronic Data Technology Co., Ltd.	612,052	26.58%
Castles Technology Co., Ltd.	281,535	19.39%
Dongguan Banrin Robot Technology Co., Ltd	130,538	31.03%
CMPC Cultural & Creative Co., Ltd.	123,336	42.86%
Kleine Developments Ltd.	69,315	50.00%
Tegna Electronics Private Limited	25,290	20.00%
Microlink Communications Inc.	(22,985)	21.43%
	5,799,848	
Add : Current prepayments for investments - SINOBEST HK	219,718	
Credit balance of long-term equity investments reclassified to other non-current liabilities - others	22,985	
Total	$ 6,042,551	

Investee	December 31, 2017 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%
Dongguan Banrin Robot Technology Co., Ltd	-	-
CMPC Cultural & Creative Co., Ltd.	122,828	42.86%
Kleine Developments Ltd.	67,644	50.00%
Tegna Electronics Private Limited	-	-
Microlink Communications Inc.	(23,472)	21.43%
	5,976,651	
Add : Current prepayments for investments - TEGNA	-	
Credit balance of long-term equity investments reclassified to other non-current liabilities - others	23,472	
Total	$ 6,000,123	

Investee	September 30, 2017 Amount	Ownership percentage (%)
Central Motion Picture Corporation	$ 1,727,880	13.60%
Glory Science Co., Ltd.	1,099,121	41.50%
Well Shin Technology Co., Ltd.	1,073,449	18.84%
Foxlink Image Technology Co., Ltd.	889,884	30.47%
Sharetronic Data Technology Co., Ltd.	495,617	29.46%
Castles Technology Co., Ltd.	278,612	19.39%
CMPC Cultural & Creative Co., Ltd.	123,208	42.86%
Microlink Communications Inc.	(23,847)	21.43%
Kleine Developments Ltd.	68,817	41.53%
	5,732,741	
Add : Current prepayments for investments - SINOBEST HK	-	
Credit balance of long-term equity investments reclassified to other non-current liabilities - others	23,847	
Total	$ 5,756,588	

A. For the three months and nine months ended September 30, 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 $91,744, $132,662, $203,018 and $258,871, respectively.

B. Associates

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

		Shareholding ratio				
Company name	Principal place of business	September 30, 2018	December 31, 2017	September 30, 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	41.62%	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	31.20%	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.		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 2,118,306	$ 1,389,891	$ 2,855,343
Non-current assets	16,223,873	17,193,302	15,259,369
Current liabilities	(139,711)	(230,523)	(209,294)
Non-current liabilities	(5,207,202)	(5,206,680)	(5,206,716)
Total net assets	$ 12,995,266	$ 13,145,990	$ 12,698,702
Share in associate's net assets	$ 1,768,213	$ 1,788,712	$ 1,727,880
Goodwill	-	-	-
Carrying amount of the associate	$ 1,768,213	$ 1,788,712	$ 1,727,880

	Glory Science Co., Ltd.		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 1,748,558	$ 1,851,765	$ 1,908,178
Non-current assets	2,221,802	1,882,611	1,850,054
Current liabilities	(1,626,239)	(1,105,602)	(1,128,665)
Non-current liabilities	(128,570)	(183,735)	(204,775)
Total net assets	$ 2,215,551	$ 2,445,039	$ 2,424,792
Share in associate's net assets	$ 925,329	$ 1,014,805	$ 1,006,402
Goodwill	92,719	92,719	92,719
Carrying amount of the associate	$ 1,018,048	$ 1,107,524	$ 1,099,121

	Well Shin Technology Co., Ltd.		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 5,376,751	$ 5,485,432	$ 5,290,883
Non-current assets	2,895,650	2,817,208	2,722,011
Current liabilities	(2,155,254)	(2,318,693)	(2,139,204)
Non-current liabilities	(421,507)	(390,606)	(382,544)
Total net assets	$ 5,695,640	$ 5,593,341	$ 5,491,146
Share in associate's net assets	$ 1,075,334	$ 1,056,035	$ 1,036,860
Goodwill	36,589	36,589	36,589
Carrying amount of the associate	$ 1,111,923	$ 1,092,624	$ 1,073,449

	Foxlink Image Technology Co., Ltd.		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 3,803,786	$ 3,542,531	$ 3,286,792
Non-current assets	2,042,680	2,796,636	2,845,452
Current liabilities	(2,505,179)	(2,466,843)	(2,719,369)
Non-current liabilities	(1,153,601)	(608,140)	(492,368)
Total net assets	$ 2,187,686	$ 3,264,184	$ 2,920,507
Share in associate's net assets	$ 682,583	$ 994,603	$ 889,884
Goodwill	-	-	-
Carrying amount of the associate	$ 682,583	$ 994,603	$ 889,884

Statement of comprehensive income

	Central Motion Picture Corporation	
	Three months ended September 30,	
	2018	2017
Revenue	$ 157,529	$ 137,744
Profit for the period from continuing operations	$ 98,930	$ 69,488
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 98,930	$ 69,488
Dividends received from associates	$ 15,000	$ 12,000

	Central Motion Picture Corporation	
	Nine months ended September 30,	
	2018	2017
Revenue	$ 427,744	$ 426,727
Profit for the period from continuing operations	$ 141,822	$ 125,552
Other comprehensive income, net of tax	-	-
Total comprehensive income	$ 141,822	$ 125,552
Dividends received from associates	$ 15,000	$ 12,000

	Glory Science Co., Ltd.	
	Three months ended September 30,	
	2018	2017
Revenue	$ 351,906	$ 485,769
(Loss) profit for the period from continuing operations	($ 17,321)	$ 123,130
Other comprehensive (loss) income, net of tax	(43,041)	18,424
Total comprehensive (loss) income	($ 60,362)	$ 141,554
Dividends received from associates	$ 80,099	$ 79,882

	Glory Science Co., Ltd.	
	Nine months ended September 30,	
	2018	2017
Revenue	$ 1,105,056	$ 1,388,575
Profit for the period from continuing operations	$ 5,500	$ 223,941
Other comprehensive loss, net of tax	(30,826)	(9,907)
Total comprehensive (loss) income	($ 25,326)	$ 214,034
Dividends received from associates	$ 80,099	$ 79,882

	Well Shin Technology Co., Ltd.	
	Three months ended September 30,	
	2018	2017
Revenue	$ 1,601,945	$ 1,426,655
Profit for the period from continuing operations	$ 272,176	$ 180,858
Other comprehensive (loss) income, net of tax	(118,369)	39,245
Total comprehensive income	$ 153,807	$ 220,103
Dividends received from associates	$ 71,304	$ 89,130

	Well Shin Technology Co., Ltd.	
	Nine months ended September 30,	
	2018	2017
Revenue	$ 4,077,328	$ 3,687,300
Profit for the period from continuing operations	$ 570,596	$ 427,894
Other comprehensive loss, net of tax	(89,878)	(86,283)
Total comprehensive income	$ 480,718	$ 341,611
Dividends received from associates	$ 71,304	$ 89,130

	Foxlink Image Technology Co., Ltd.	
	Three months ended September 30,	
	2018	2017
Revenue	$ 1,198,060	$ 1,285,280
Profit for the period from continuing operations	$ 153,080	$ 153,808
Other comprehensive (loss) income, net of tax	(240,208)	21,319
Total comprehensive (loss) income	($ 87,128)	$ 175,127
Dividends received from associates	$ 158,145	$ 51,480

	Foxlink Image Technology Co., Ltd.	
	Nine months ended September 30,	
	2018	2017
Revenue	$ 3,251,750	$ 3,360,310
Profit for the period from continuing operations	$ 303,079	$ 277,737
Other comprehensive (loss) income, net of tax	(798,569)	117,077
Total comprehensive (loss) income	($ 495,490)	$ 394,814
Dividends received from associates	$ 158,145	$ 51,480

(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 September 30, 2018, December 31, 2017 and September 30, 2017, the carrying amount of the Group’s individually immaterial associates amounted to $1,219,081, $993,188 and $942,407, respectively.

	Three months ended September 30,	
	2018	2017
(Loss) profit for the period from continuing operations	($ 39,198)	$ 10,458
Total comprehensive (loss) income	($ 39,198)	$ 10,458

	Nine months ended September 30,	
	2018	2017
Profit for the period from continuing operations	$ 144,813	$ 94,579
Total comprehensive income	$ 144,813	$ 94,579

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

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

	September 30, 2018	December 31, 2017	September 30, 2017
Glory Science Co., Ltd.	$ 1,383,949	$ 2,024,999	$ 2,723,962
Well Shin Technology Co., Ltd.	1,123,034	1,287,924	1,192,110
Foxlink Image Technology Co., Ltd.	885,456	1,024,452	936,936
	$ 3,392,439	$ 4,337,375	$ 4,853,008

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 September 30, 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 November 14, 2018, the liquidation process is still undergoing.

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.

F. As of September 30, 2018, the registration of the Group's prepayment for investments-SINOBEST HK amounting to $219,718 has not been completed yet.

G. Central Motion Picture Corporation is a litigating party contesting the decision No. 107007 rendered by Ill-gotten Party Assets Settlement Committee on October 9, 2018. Please refer to Note 9 (2) for details on the lawsuit.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	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	-	248,231	1,253,917	79,180	490,223	1,854,991	3,926,542
Disposals	-	(27)	(162,416)	(7,099)	(29,265)	-	(198,807)
Disposal of subsidiaries	-	-	-	(434)	(6,055)	(1,101,664)	(1,108,153)
Reclassifications	-	4,698	-	13,239	-	-	17,937
Depreciation charge	-	(269,012)	(1,125,646)	(65,113)	(664,079)	-	(2,123,850)
Net exchange differences	-	(291,338)	(70,703)	(6,021)	(49,255)	(46,970)	(464,287)
Closing net book amount	$ 412,428	$ 11,586,337	$ 3,520,391	$ 147,634	$ 2,326,525	$ 1,585,230	$ 19,578,545
At September 30, 2018							
Cost	$ 412,428	$ 14,426,083	$ 7,089,302	$ 323,608	$ 5,266,226	$ 1,585,230	$ 29,102,877
Accumulated depreciation and impairment	-	(2,839,746)	(3,568,911)	(175,974)	(2,939,701)	-	(9,524,332)
	$ 412,428	$ 11,586,337	$ 3,520,391	$ 147,634	$ 2,326,525	$ 1,585,230	$ 19,578,545

	Land	Buildings and structures	Machinery and equipment	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	-	37,815	937,760	53,736	361,767	828,920	2,219,998
Disposals	-	(38,080)	(77,249)	(6,095)	(42,145)	-	(163,569)
Reclassifications	-	1,092,502	49,382	-	(49,382)	(1,083,448)	9,054
Depreciation charge	-	(233,697)	(1,314,948)	(57,753)	(727,796)	-	(2,334,194)
Net exchange differences	-	(122,163)	(64,084)	(1,614)	(48,924)	(33,811)	(270,596)
Closing net book amount	$ 412,428	$ 10,728,037	$ 3,705,796	$ 142,193	$ 2,701,172	$ 1,816,732	$ 19,506,358
At September 30, 2017							
Cost	$ 412,428	$ 13,274,630	$ 9,595,698	$ 442,788	$ 6,065,409	$ 1,816,732	$ 31,607,685
Accumulated depreciation and impairment	-	(2,546,593)	(5,889,902)	(300,595)	(3,364,237)	-	(12,101,327)
	$ 412,428	$ 10,728,037	$ 3,705,796	$ 142,193	$ 2,701,172	$ 1,816,732	$ 19,506,358

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

(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	-	(4,698)	(4,698)
Depreciation charge	-	(16,255)	(16,255)
Net exchange differences	-	1,443	1,443
Closing net book amount	$ 65,923	$ 152,360	$ 218,283
At September 30, 2018			
Cost	$ 65,923	$ 515,969	$ 581,892
Accumulated depreciation and impairment	-	(363,609)	(363,609)
	$ 65,923	$ 152,360	$ 218,283

	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
Reclassifications	-	(9,054)	(9,054)
Depreciation charge	-	(16,712)	(16,712)
Net exchange differences	-	(6,610)	(6,610)
Closing net book amount	$ 65,923	$ 175,848	$ 241,771
At September 30, 2017			
Cost	$ 65,923	$ 515,664	$ 581,587
Accumulated depreciation and impairment	-	(339,816)	(339,816)
	$ 65,923	$ 175,848	$ 241,771

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 September 30,	
	2018	2017
Rental income from the lease of the investment property	$ 7,958	$ 8,145
Direct operating expenses arising from the investment property that generated rental income in the period	$ 5,537	$ 5,483

	Nine months ended Septmeber 30,	
	2018	2017
Rental income from the lease of the investment property	$ 23,879	$ 24,953
Direct operating expenses arising from the investment property that generated rental income in the period	$ 16,255	$ 16,712

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 September 30, 2018, December 31, 2017 and September 30, 2017 was $828,554, $859,504 and $859,605, respectively, which was evaluated based on the market prices of similar real estate in the areas nearby. Market prices on September 30, 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	-	-	50,843	50,843
Disposals	-	-	(363)	(363)
Amortisation charge	-	-	(28,895)	(28,895)
Net exchange differences	1,265	16,482	(1,321)	16,426
Closing net book amount	$ 50,467	$ 931,708	$ 60,137	$ 1,042,312
At September 30, 2018				
Cost	$ 50,467	$ 2,492,870	$ 142,613	$ 2,685,950
Accumulated amortisation and impairment	-	(1,561,162)	(82,476)	(1,643,638)
	$ 50,467	$ 931,708	$ 60,137	$ 1,042,312

	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	-	-	34,377	34,377
Disposals	-	-	(1,865)	(1,865)
Amortisation charge	-	-	(52,408)	(52,408)
Net exchange differences	(3,290)	(134,436)	(208)	(137,934)
Closing net book amount	$ 50,029	$ 2,475,692	$ 54,888	$ 2,580,609
At September 30, 2017				
Cost	$ 50,029	$ 2,475,692	$ 198,164	$ 2,723,885
Accumulated amortisation and impairment	-	-	(143,276)	(143,276)
	$ 50,029	$ 2,475,692	$ 54,888	$ 2,580,609

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

	September 30, 2018		
	Retail of computer, communication and consumer electronics	Memory module	Others
Taiwan	$ -	$ 419,858	$ -
Hong Kong	500,243	-	-
All other segments	-	-	11,607
	$ 500,243	$ 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

	September 30, 2017		
	Retail of computer, communication and consumer electronics	Memory module	Others
Taiwan	$ -	$ 419,858	$ -
Hong Kong	2,044,227	-	-
All other segments	-	-	11,607
	$ 2,044,227	$ 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 nine months ended September 30, 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-others')

	September 30, 2018	December 31, 2017	September 30, 2017
Land use right	$ 941,738	$ 2,189,080	$ 2,189,249

A. On November 9, 2016, the Board of Directors of PQI's subsidiaries, Donghai County Cheng Uei Travel Industry Co., Ltd. (hereinafter referred to as "Cheng Uei Travel") and Jiangsu Foxlink New Energy Technology Co., Ltd. (hereinafter referred to as "Jiangsu Foxlink"), resolved to participate in the bid of Ministry of Land and Resources of the People's Republic of China. On November 17, 2016, the subsidiaries acquired the ownership of land for residential/commercial use and industrial use over the lease terms of 40 to 70 years. The acquisition price of aforementioned land amounting to $1,303,442 (RMB 265,170 thousand) was settled in 2017. As of September 30, 2018 and 2017, Jiangsu Foxlink received government grants to build the plant both amounted to RMB 190,000 (shown as 'other non-current liabilities').

B. Long-term prepaid rents incurred from the abovementioned land was decreased by $1,209,558 as a result of disposing the equity of Cheng Uei Travel on September 3, 2018. Please refer to Note 6(30)B for details.

C. 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 $6,510, $5,667, $18,248 and $17,125 for the three months and nine months ended September 30, 2018 and 2017, respectively.

D. On December 16, 2017, the Group entered into a real estate sales and purchase contract with Bozhou Shichuang Real Estate Development Co., Ltd. The total contract price is RMB 100,028 thousand, which has been settled on January 1, 2018 (recorded at other non-current assets-others). As of September 30, 2018, the real estate has not been transferred.

(12) Short-term borrowings

Type of borrowings	September 30, 2018	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 628,213	0.90%~5.22%	-

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 3,194,456	0.91%~5%	-

Type of borrowings	September 30, 2017	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 8,554,617	0.82%~5%	-

(13) Other payables

	September 30, 2018	December 31, 2017	September 30, 2017
Payables on salary and bonus	$ 1,482,531	$ 1,670,530	$ 1,547,198
Employees' compensation and remuneration for supervisors and directors	123,739	128,384	104,134
Payables on equipment	772,661	890,753	1,080,988
Others	3,555,198	3,505,566	3,210,973
	$ 5,934,129	$ 6,195,233	$ 5,943,293

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Unused Credit line	September 30, 2018
Long-term bank borrowings				
Bank's unsecured borrowings				
Cheng Uei				
- including covenants	The amount of NTD 2,800,000 thousand, is payable at maturity; borrowing period is from September 2017 to December 2020	1.20%~1.55%	$ 700,000	$ 2,800,000
-without covenants	The amount of NTD 3,000,000 thousand, is payable at maturity; borrowing period is from December 2017 to December 2020	1.20%~1.50%	568,375	3,000,000
PQI	The amount of NTD 888,527 thousand, is payable in installments starting from January 2016 to November 2019	1.48%~1.797%	2,556	888,527
Shinfox	The amount of NTD 37,247 thousand, is payable in installments starting from August 2013 to March 2022	1.97%~2.095%	14,729	37,247
Bank secured borrowings	The amount of NTD 1,867 thousand, is payable in installments starting from July 2014 to July 2024	1.85%~1.95%	-	1,867
Medium-term and long-term syndicated loans	The amount of NTD 6,100,000 thousand is payable in installments 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%	1,900,000	6,100,000
				12,827,641
Less: Current portion				(351,928)
				$ 12,475,713

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 at maturity; borrowing period is 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 at maturity; borrowing period is 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	September 30, 2017
Long-term loan borrowings				
Bank credit borrowing				
Cheng Uei				
- including covenants	The amount of NTD 500,000 thousand, is payable at maturity; borrowing period is from September 2017 to December 2020	1.54%	$ -	$ 500,000
- PQI	The amount of NTD 569,833 thousand, is payable in installments starting from January 2016 to March 2019	1.48%~1.56%	-	569,833
- Shinfox	The amount of NTD 67,835 thousand, is payable in installments starting from July 2014 to July 2024	1.97%~2.32%	25,270	67,835
Bank secured borrowings	The amount of NTD 1,505 thousand is payable in installments starting from July 2014 to July 2024.	1.85%~1.95%	25,270	1,505
Medium-term and long-term syndicated loans	The amount of NTD 5,100,000 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%	2,900,000	5,100,000
				6,239,173
Less: Current portion				(229,530)
				$ 6,009,643

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 September 30, 2018, the borrowings that have been used amounted to $2,800,000. 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 September 30, 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 $500,000. As of September 30, 2018, the borrowing has not been used.

E. The Company entered into a borrowing contract with DBS, and the credit line is US$35,000,000. As of September 30, 2018, the borrowing that has been used amounted to $1,000,000.

F. The Company entered into a borrowing contract with ANZ, and the credit line is $1,200,000. As of September 30, 2018, the borrowing that has been used amounted to $1,200,000.

(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 $1,359, $1,470, $4,122 and $4,408 for the three months and nine months ended September 30, 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 nine months ended September 30, 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 and nine months ended September 30, 2018 and 2017 were $241,160, $238,436, $702,816 and $591,664, respectively.

(16) <u>Share capital</u>

As of September 30, 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	-	-	-	140	33,891	34,031
At September 30, 2018	$ 9,337,850	$ 3,065	$ 7,313	$ 3,374	$ 151,094	$ 9,502,696

	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	-	-	188	-	33,741	33,929
At September 30, 2017	$ 9,337,850	$ 3,065	$ 7,312	$ 3,234	$ 116,949	$ 9,468,410

(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 Company recognised dividends distributed to owners amounting to $1,024,654 and $768,490 for the years ended December 31, 2018 and 2017, respectively. Details of the appropriation of 2017's and 2016's net income which was resolved at the stockholders' meeting on September 8, 2018 and September 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 dividends	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	(291,444)	-	-	(291,444)
Currency translation differences:				
–Group	-	-	(540,850)	(540,850)
–Associates	-	-	(59,704)	(59,704)
At September 30	($ 302,984)	$ -	($ 1,508,375)	($ 1,811,359)

	Available-for-sale financial assets	Translation of foreign financial statements	Total
At January 1	$ 1,093,434	($ 1,083,745)	$ 9,689
Valuation adjustment	(389,983)	-	(389,983)
Currency translation differences:			
–Group	-	58,045	58,045
–Associates	-	(2,941)	(2,941)
At September 30	$ 703,451	($ 1,028,641)	($ 325,190)

(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 September 30, 2018	Asia	Americas	Others	Total
3C component	$ 7,572,733	$ 1,551,418	$ 119,728	$ 9,243,879
Systems and peripheral products	2,512,448	6,131,926	1,567,649	10,212,023
3C product retail	3,148,101	-	-	3,148,101
Others	47,093	32,585	17,109	96,787
Total revenue from external customer contracts	$ 13,280,375	$ 7,715,929	$ 1,704,486	$ 22,700,790

Nine months ended September 30, 2018	Asia	Americas	Others	Total
3C component	$ 21,683,561	$ 6,027,399	$ 334,189	$ 28,045,149
Systems and peripheral products	6,713,476	14,837,424	4,090,177	25,641,077
3C product retail	8,498,633	-	-	8,498,633
Others	158,930	66,136	39,477	264,543
Total revenue from external customer contracts	$ 37,054,600	$ 20,930,959	$ 4,463,843	$ 62,449,402

B. Contract liabilities

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

	September 30, 2018
Contract liabilities:	
Contract liabilities-advance sales receipts	$ 519,216

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

	Three months ended September 30, 2018	Nine months ended September 30, 2018
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Sales revenue received in advance	$ 88,190	$ 502,499

C. Related disclosures for the three months and nine months ended September 30, 2017 operating revenue are provided in Note 12(5).

(21) Other income

	Three months ended September 30, 2018	Three months ended September 30, 2017
Interest income	$ 21,609	$ 22,380
Rental revenue	7,958	8,145
Other revenue-other	68,197	41,876
	$ 97,764	$ 72,401

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Interest income	$ 57,770	$ 66,428
Rental revenue	23,879	24,953
Other revenue-other	280,131	307,902
	$ 361,780	$ 399,283

(22) Other gains and losses

	Three months ended September 30, 2018	Three months ended September 30, 2017
Loss on disposal of property, plant and equipment	($ 13,349)	($ 24,811)
Gain on disposal of investments	54,139	3,034
Foreign exchange gains	105,181	82,458
Other gains and losses	(29,920)	(40,570)
	$ 116,051	$ 20,111

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Loss on disposal of property, plant and equipment	($ 98,193)	($ 89,532)
Gain on disposal of investments	54,139	409,578
Foreign exchange gains	204,206	28,012
Other gains and losses	(71,716)	(73,069)
	$ 88,436	$ 274,989

(23) Finance costs

	Three months ended September 30, 2018	Three months ended September 30, 2017
Interest expense arising from bank borrowings	$ 66,963	$ 72,861

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Interest expense arising from bank borrowings	$ 208,583	$ 203,594

(24) Expenses by nature

	Three months ended September 30, 2018	Three months ended September 30, 2017
Employee benefit expense	$ 3,604,617	$ 3,864,853
Depreciation charges on property, plant and equipment and investment property	720,308	770,952
Amortisation charges on intangible assets	16,495	21,678
Transportation expenses	194,544	218,951
Advertising costs	35,037	135,442
Operating lease payments	171,327	196,699
Manufacture costs and operating expenses	$ 4,742,328	$ 5,208,575

	Nine months ended September 30,	
	2018	2017
Employee benefit expense	$ 10,393,968	$ 10,053,679
Depreciation charges on property, plant and equipment and investment property	2,140,105	2,350,906
Amortisation charges on intangible assets	47,143	69,533
Transportation expenses	555,525	544,838
Advertising costs	99,122	201,892
Operating lease payments	506,550	520,878
Manufacture costs and operating expenses	$ 13,742,413	$ 13,741,726

(25) Employee benefit expense

	Three months ended September 30,	
	2018	2017
Wages and salaries	$ 3,153,793	$ 3,415,215
Labour and health insurance fees	129,522	136,007
Pension costs	242,519	239,906
Other personnel expenses	78,783	73,725
	$ 3,604,617	$ 3,864,853

	Nine months ended September 30,	
	2018	2017
Wages and salaries	$ 9,073,149	$ 8,911,450
Labour and health insurance fees	377,949	340,649
Pension costs	706,938	596,072
Other personnel expenses	235,932	205,508
	$ 10,393,968	$ 10,053,679

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 and nine months ended September 30, 2018 and 2017, employees' compensation (bonus) was accrued at $0, $39,543, $0 and $70,248, respectively; directors' and supervisors' remuneration was accrued at $0, $3,295, $0 and $5,854, 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 nine months ended September 30, 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 September 30, 2018	Three months ended September 30, 2017
Current tax:		
Tax payable incurred in current period	$ 170,593	$ 74,104
Tax on undistributed surplus earnings	-	-
Prior year income tax under (over) estimation	(85)	(15)
Total current tax	170,508	74,089
Deferred tax:		
Origination and reversal of temporary differences	150	32,794
Impact of change in tax rate	-	-
Total deferred tax	150	32,794
Income tax expense	$ 170,658	$ 106,883

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Current tax:		
Tax payable incurred in current period	$ 226,768	$ 251,964
Tax on undistributed surplus earnings	-	2,615
Prior year income tax underestimation	8,338	247
Total current tax	235,106	254,826
Deferred tax:		
Origination and reversal of temporary differences	(146,932)	19,684
Impact of change in tax rate	73,782	-
Total deferred tax	(73,150)	19,684
Income tax expense	$ 161,956	$ 274,510

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

	Three months ended September 30, 2018	Three months ended September 30, 2017
Currency translation differences	($ 169,381)	55,311
Fair value gains/losses on available-for-sale financial assets	-	(13,948)
Impact of change in tax rate	-	-
	($ 169,381)	$ 41,363

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Currency translation differences	($ 146,871)	11,286
Fair value gains/losses on available-for-sale financial assets	-	(15,098)
Impact of change in tax rate	11,399	-
	($ 135,472)	($ 3,812)

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
Suntain, PQI	Assessed and approved up to 2015
The Company,FUII, Zhi De Investment, FII, WCT, Shinfox, DuPrecision, PROCONN, LM, Studio A, Va Product Inc., Darts, Foxwell Energy, Power Sufficient	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 assessed the impact of the change in income tax rate.

(27) (Losses) earnings per share

	Three months ended September 30, 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	$ 638,511	512,327	$ 1.25
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 638,511	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	$ 638,511	512,327	$ 1.25

	Three months ended September 30, 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	$ 627,916	512,327	$ 1.23
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 627,916	512,327	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	946	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 627,916	513,273	$ 1.22

	Nine months ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic earnings per share			
Loss attributable to ordinary shareholders of the parent	($ 289,385)	512,327	($ 0.56)
Diluted earnings per share			
Loss attributable to ordinary shareholders of the parent	($ 289,385)	512,327	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	-	
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	($ 289,385)	512,327	($ 0.56)

	Nine months ended September 30, 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	$ 1,101,799	512,327	$ 2.15
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,101,799	512,327	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,681	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,101,799	514,008	$ 2.14

(28) Transactions with non-controlling interest

A. On August 24, 2018, the Group acquired additional 42% shares of ASHOP CO., LTD. (the "ASHOP") at total cash consideration of $67,429. The carrying amount of non-controlling interest in the ASHOP was $24,002 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by $24,002 and a decrease in the equity attributable to owners of the parent by $22,148. The effect of changes in interests in the ASHOP on the equity attributable to owners of the parent for the nine months ended September 30, 2018 is shown below:

	Nine months ended September 30, 2018
Carrying amount of non-controlling interest acquired	$ 24,002
Consideration paid to non-controlling interest	(67,429)
Retained earnings decreased-difference between consideration and carrying amount of subsidiaries acquired or disposed	($ 43,427)

B. No transaction was made with non-controlling interest for the nine months ended September 30, 2017

(29) 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 $166,114, $192,550, $491,966 and $507,534, and contingent rents of $5,213, $4,149, $14,584 and $13,344 for these leases in profit or loss for the three months and nine months ended September 30, 2018 and 2017, respectively.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
No later than one year	$ 224,982	$ 237,326	$ 278,382
Later than one year but not later than five years	158,979	96,733	122,399
Over five years	4,378	8,745	-
	$ 388,339	$ 342,804	$ 400,781

(30) Supplemental cash flow information

A. Investment activities with partial cash payments:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Purchase of property, plant and equipment	$ 3,926,542	$ 2,219,998
Add: Opening balance of payable on equipment	890,753	1,197,679
Less: Ending balance of payable on equipment	(772,661)	(1,080,988)
Cash paid during the period	$ 4,044,634	$ 2,336,689

B. The Group sold 100% of shares in the subsidiary, Donhai Contry Cheng Uei Travel Industry Co., Ltd. on September 3, 2018 and therefore lost control over the subsidiary (please refer to Note 4(3)B, Note 16). The details of the consideration received from the transaction and assets and liabilities relating to the subsidiary are as follows:

	September 30, 2018
Carrying amount of assets and liabilities of Donhai Contry Cheng Uei Travel Industry Co., Ltd.	
Cash and cash equivalents	$ 457,615
Other receivables	76
Prepayments	184,621
Property, plant and equipment	1,107,275
Guarantee deposits paid	3,718
Prepayment for equipment	5,752
Long-term prepaid rent	1,209,558
Other payables	(479,206)
Receipt in advance	(2,300,776)
Carrying amount of disposal of subsidiaries	188,633
Gain on disposal of subsidiaries	54,139
Total consideration received from disposal of subsidiaries	242,772
Cash and cash equivalents from disposal of subsidiaries	(457,615)
Net cash changed due to disposal of subsidiaries	($ 214,843)

(31) 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	(2,568,807)	1,995,726	(573,081)
Effect of exchange rate changes	2,564	-	2,564
September 30, 2018	$ 628,213	$ 12,827,641	$ 13,455,854

	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	(183,392)	(932,486)	(1,115,878)
Effect of exchange rate changes	-	-	-
September 30, 2017	$ 8,554,617	$ 6,239,173	$ 14,793,790

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., LTD.	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 September 30, 2018	Three months ended September 30, 2017
Sales of goods:		
-Associates	$ 3,657	$ 51,350
-Other related parties	344,338	589,349
	$ 347,995	$ 640,699

	Nine months ended September 30,	
	2018	2017
Sales of goods:		
-Associates	$ 10,634	$ 102,828
-Other related parties	1,008,232	1,552,977
	$ 1,018,866	$ 1,655,805

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 September 30,	
	2018	2017
Purchases of goods:		
-Associates	$ 275,712	$ 242,310
-Other related parties	197,824	142,255
	$ 473,536	$ 384,565

	Nine months ended September 30,	
	2018	2017
Purchases of goods:		
-Associates	$ 644,813	$ 537,224
-Other related parties	432,463	306,279
	$ 1,077,276	$ 843,503

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 September 30,	
	2018	2017
Other income:		
-Associates	$ 6,068	$ 5,807

	Nine months ended September 30,	
	2018	2017
Other income:		
-Associates	$ 18,367	$ 17,147

The Group charged technical service compensation, management service income and rent income 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

	September 30, 2018	December 31, 2017	September 30, 2017
Accounts receivable:			
-Associates	$ 122,401	$ 123,450	$ 112,538
-Other related parties	636,340	565,862	890,861
	$ 758,741	$ 689,312	$ 1,003,399
Other receivables (Financing):			
-Associates			
Microlink	$ 66,241	$ 64,000	$ 64,000
Sharetronic	-	-	227,550
Other receivables (Others):			
-Associates	12,841	19,086	14,840
	$ 79,082	$ 83,086	$ 306,390

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

E. Payables to related parties

	September 30, 2018	December 31, 2017	September 30, 2017
Accounts payable:			
-Associates	$ 406,719	$ 388,126	$ 440,965
-Other related parties	126,379	32,339	67,607
	$ 533,098	$ 420,465	$ 508,572
Other payables (Others):			
-Associates	$ 350,000	$ -	$ -

Other payables mainly refer to the borrowings from related parties, and the borrowings shall be repaid within 6 months based on the credit terms. Interest rate is 1.5% per annum when the borrowing period is over 1 month, but will not be accrued if the borrowing period is less than 1 month.

F. Loans to related parties

	Three months ended September 30,	
	2018	2017
Interest income:		
-Associates		
Sharetronic	$ -	$ 3,521

	Nine months ended September 30,	
	2018	2017
Interest income:		
-Associates		
Sharetronic	$ -	$ 10,429

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 and nine months ended September 30, 2018 and 2017.

(3) Key management compensation

	Three months ended September 30,	
	2018	2017
Salaries and other short-term employee benefits	$ 11,885	$ 19,066
Post-employement benefits	333	379
Total	$ 12,218	$ 19,445

	Nine months ended September 30,	
	2018	2017
Salaries and other short-term employee benefits	$ 37,578	$ 48,005
Post-employement benefits	1,122	1,051
Total	$ 38,700	$ 49,056

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	September 30, 2018	December 31, 2017	September 30, 2017	Purpose
Restricted assets-current (Shown as other current assets)	$ 199,488	$ 217,866	$ 360,541	Customs deposit, guarantee for L/C issued for purchases of materials and
Refundable deposits (Shown as other non-current assets)	179,149	184,718	178,061	Customs deposit and plant deposit
Other assets-other (Shown as other non-current assets)	3,161	15,840	9,683	Litigation deposit and collaterals for long-term borrowings
	$ 381,798	$ 418,424	$ 548,285	

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:

	September 30, 2018	December 31, 2017	September 30, 2017
Property, plant and equipment	$ 1,232,259	$ 1,734,459	$ 645,851

(2) Central Motion Picture Corporation, an equity-method investment of the Group (the "Central Motion Picture", please refer to Note 6(7)), was determined to be an affiliate organisation of the Kuomintang by the Ill-gotten Party Assets Settlement Committee (the "Ill-gotten Party") in its written disposition, Dang-Chan-Chu-Zi No. 107007, issued on October 9, 2018. Under paragraph 1, Article 5 and Article 9 of the Act Governing the Settlement of Ill-gotten Properties by Political Parties and Their Affiliate Organisations, properties were held by the Central Motion Picture when the Act was released on August 10, 2016 are considered as an unjustly received properties. The presumed ill-gotten party assets as prescribed in the preceding paragraph 1 of Article 5 are prohibited from being transferred or disposed since from the date of promulgation of this Act. However, this limit is not applicable if it is necessary to perform its legal duties or other justifiable reasons. If the Central Motion Picture's shareholders meet the conditions described in the Article 7, their rights are not affected. Under Article 16, the Central Motion Picture may file an administrative litigation in the Taipei High Administrative Court within two months after the aforementioned written disposition was served. In addition, the Central Motion Picture may file for a suspension of execution under Paragraph 2, Article 116 of the Administrative Litigation Act. As of the financial reporting date, the possible result of this litigation cannot be determined.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On June 19, 2018, the shareholders during their meeting resolved to convert the stock of the subsidiary, PQI, into shares with the investees, Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd, which is in order to support the newly established FIT Holding Co., Ltd. acquiring a 100% equity share of PQI, Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd.. This conversion has been approved by Taiwan Stock Exchange Corporation Tai-Zheng-Shang-Yi-Zi letter no. 1070011772 on July 23, 2018. PQI, Foxlink Image Technology Co., Ltd. and Glory Science Co., Ltd. will be delisted based on the regulation starting from October 1, 2018, and FIT Holding Co., Ltd. will be listed on the same date.

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

	September 30, 2018	December 31, 2017	September 30, 2017
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 9,158	$ -	$ -
Financial assets held for trading	-	318	346
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	707,518	-	-
Available-for-sale financial assets	-	-	1,000,897
Financial assets carried at cost	-	628,506	660,401
Financial assets at amortised cost/loans and receivables			
Cash and cash equivalents	3,800,218	7,631,619	7,207,644
Investments in debt instruments without active markets	-	8,536	8,637
Notes receivable	16,473	56,248	67,817
Accounts receivable	12,060,982	15,867,829	16,773,411
Other receivables	886,753	344,965	516,716
Guarantee deposits paid	179,149	184,718	178,061
	$ 17,660,251	$ 24,722,739	$ 26,413,930

	September 30, 2018	December 31, 2017	September 30, 2017
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities mandatorily measured at fair value through profit or loss	$ 1,469	$ -	$ -
Financial liabilities at amortised cost			
Short-term borrowings	628,213	3,194,456	8,554,617
Notes payable	1,565	11,101	1,943
Accounts payable	17,115,866	18,667,634	20,201,504
Other payables	5,934,129	6,195,233	5,943,293
Long-term borrowings (including current portion)	12,827,641	10,831,915	6,239,173
Guarantee deposits received	27,578	29,866	34,398
	$ 36,536,461	$ 38,930,205	$ 40,974,928

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, please refer to Notes 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:

	September 30, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 402,024	$ 30.53	$ 12,273,793
RMB：NTD	72,593	4.44	322,313
HKD：NTD	5,238	3.90	20,428
JPY：NTD	190,529	0.27	51,443
USD：HKD	3,308	7.82	100,993
RMB：HKD	813	1.14	3,610
USD：RMB	5,577	6.89	170,266
Non-monetary items			
RMB：HKD	$ 15,611	$ 1.14	$ 69,315
USD：HKD	19,204	7.82	612,052
Financial liabilities			
Monetary items			
USD：NTD	$ 280,369	$ 30.53	$ 8,559,666
HKD：NTD	9,437	3.90	36,804
JPY：NTD	955,661	0.27	258,028
USD：HKD	14,205	7.82	433,679
RMB：HKD	169	1.14	750
USD：RMB	67,728	6.89	2,067,736

	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

	September 30, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 465,759	$ 30.26	$ 14,093,867
RMB：NTD	76,114	4.55	346,395
HKD：NTD	8,011	3.87	31,027
JPY：NTD	207,629	0.27	55,954
USD：HKD	272	7.81	8,231
RMB : HKD	64,156	1.18	291,974
USD : RMB	148,639	6.65	4,497,816
Non-monetary items			
RMB : HKD	$ 108,927	$ 1.18	$ 495,617
USD : HKD	2,274	7.81	68,817
Financial liabilities			
Monetary items			
USD：NTD	$ 483,242	$ 30.26	$ 14,622,903
HKD：NTD	6,098	3.87	23,618
JPY：NTD	124,922	0.27	33,617
USD：HKD	24,546	7.81	742,762
RMB : HKD	493,610	1.18	2,246,419
USD : RMB	56,394	6.65	1,706,482

v. The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2018 and 2017 amounted to $105,181, $82,458, $204,206 and $28,012, respectively.

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

	Nine months ended September 30, 2018		
	Sensitivity Analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 122,738	$ -
RMB：NTD	1%	3,223	-
HKD：NTD	1%	204	-
JPY：NTD	1%	514	-
USD：HKD	1%	1,010	-
RMB：HKD	1%	36	-
USD：RMB	1%	1,703	-
Financial liabilities			
Monetary items			
USD：NTD	1%	$ 85,597	$ -
HKD：NTD	1%	368	-
JPY：NTD	1%	2,580	-
USD : HKD	1%	4,337	-
RMB：HKD	1%	8	-
USD：RMB	1%	20,677	-

	Nine months ended September 30, 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%	$	140,939	$ -
RMB：NTD	1%		3,464	-
HKD：NTD	1%		310	-
JPY：NTD	1%		560	-
USD：HKD	1%		82	-
RMB：HKD	1%		2,920	-
USD：RMB	1%		44,978	-
Financial liabilities				
Monetary items				
USD：NTD	1%	$	146,229	$ -
HKD：NTD	1%		236	-
JPY：NTD	1%		336	-
USD : HKD	1%		7,428	-
RMB：HKD	1%		22,464	-
USD：RMB	1%		17,065	-

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 $5,660 and $7,507, 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 the nine months ended September 30, 2018 and 2017, the Group's borrowings issued by floating rate are priced at New Taiwan dollars.

ii. As of September 30, 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 nine months ended September 30, 2018 and 2017 would have been $102,621 and $51,785 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 customers' 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 September 30, 2018, the provision matrix is as follows:

	Without past due	Up to 30 days	30 to 120 days	Over 120 days	Total
September 30, 2018					
Expected loss rate	0.08%	2.03%	15.58%	90.01%	
Total book value	$ 10,765,097	$ 483,954	$ 73,695	$ 94,367	$ 11,417,113
Loss allowance	$ 8,613	$ 9,833	$ 11,485	$ 84,941	$ 114,872

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
Provision for impairment	15,412
Effect of exchange rate changes	283
At September 30	$ 114,872

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:

September 30, 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	$ 628,213	$ -	$ -	$ -	$ -
Notes payable	1,565	-	-	-	-
Accounts payable	17,115,866	-	-	-	-
Other payables	5,934,129	-	-	-	-
Long-term borrowings (including current portion)	351,928	2,794,010	3,652,698	6,210,654	-

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:

September 30, 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	$ 8,554,617	$ -	$ -	$ -	$ -
Notes payable	1,943	-	-	-	-
Accounts payable	20,201,504	-	-	-	-
Other payables	5,943,293	-	-	-	-
Long-term borrowings (including current portion)	229,530	500,831	507,232	5,100,000	-

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(9).

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:

September 30, 2018	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bonds	$ -	$ -	$ 9,158	$ 9,158
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	707,518	707,518
	$ -	$ -	$ 716,676	$ 716,676
Liabilities :				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 1,469	$ -	$ 1,469

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

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets :				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 346	$ -	$ 346
Available-for-sale financial assets	$ 1,000,897	$ -	$ -	$ 1,000,897

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

(e) 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.

(f) 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 nine months ended September 30, 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 nine months ended September 30, 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	-	(87,865)	(87,865)
Acquired during the period	-	164,896	164,896
Effect of exchange rate changes	230	2,373	2,603
At September 30	$ 9,158	$ 707,518	$ 716,676

H. For the nine months ended September 30, 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 September 30, 2018	Valuation technique	Significant Unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 707,518	Market comparable companies	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:					
Convertible bonds	9,158	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 September 30, 2018 if the net asset value increase or decrease by 1%.

(4) Effects on initial application of IFRS 9 and in formation on application of IAS 39 in 2017

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-	-	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 as of December 31, 2017, September 30, 2017 and in the third quarter of 2017, are as follows:

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

Items	December 31, 2017	September 30, 2017
Current items:		
Financial assets held for trading		
Non-hedging derivatives	$ 318	$ 346

i. The Group recognised net gain of $1,967 and $2,466 on financial assets held for trading for the three months and nine months ended September 30, 2017, respectively.

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

	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

	September 30, 2017	
Derivative financial assets	Contract amount (notional principal) (in thousands)	Contract period
Current items：		
Forward foreign exchange contracts	USD 20,550	2017/07~2017/12

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	September 30, 2017
Non-current items:		
Listed stocks	$ -	$ 32,550
Valuation adjustment of available-for-sale financial assets	-	968,347
Total	$ -	$ 1,000,897

i. The Group recognised $19,540 and ($448,658) in other comprehensive income for fair value change and reclassified $1,517 and $403,324 from equity to profit or loss for the three months and nine months ended September 30, 2017, respectively.

ii. As of December 31, 2017 and September 30, 2017, no available-for-sale financial assets were pledged to others.

(c) Financial assets measured at cost

Items	December 31, 2017	September 30, 2017
Current item:		
Conversion options	$ 392	$ 441
Non-current item:		
Non-publicly traded company stocks	$ 628,114	$ 659,960

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 September 30, 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	September 30, 2017
Current item:		
Corporate bonds	$ 8,536	$ 8,637

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) C (c).

ii. As of December 31, 2017 and September 30, 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 September 30, 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 September 30, 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	September 30, 2017
Up to 30 days	$ 620,448	$ 455,800
31 to 120 days	127,430	48,626
	$ 747,878	$ 504,426

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 September 30, 2017, the Group's accounts receivable that were impaired amounted to $99,177 and $147,619, 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	-	(143,298)	(143,298)
At September 30	$ -	$ 147,619	$ 147,619

(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 nine months ended September 30, 2017 amounts to $64,243,353.

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

		September 30, 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)	$ 12,060,982	$ 12,041,619	$ 19,363
Contract liabilities	(2)	519,216	-	(519,216)
Other current liabilities	(2)	576,256	1,095,472	516,216
Refund liability	(1)	19,363	-	(19,363)

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:

Nine months ended September 30, 2018

Unit：NTD thousands dollars

	3C component department	Systems and peripheral products department	3C product retail department	Other Operations	Adjustments	Total
External Revenue	$ 28,045,149	$ 25,641,077	$ 8,498,633	$ 264,543	$ -	$ 62,449,402
Revenue from Internal Customers	1,188,547	1,850,344	-	1,129	(3,040,020)	-
Segment Revenue	$ 29,233,696	$ 27,491,421	$ 8,498,633	$ 265,672	($ 3,040,020)	$ 62,449,402
Segment (Loss) Profit	($ 875,082)	$ 241,608	($ 7,537)	$ 7,998	$ -	($ 633,013)

Nine months ended September 30, 2017

Unit：NTD thousands dollars

	3C component department	Systems and peripheral products department	3C product retail department	Other Operations	Adjustments	Total
External Revenue	$ 32,256,070	$ 24,881,872	$ 6,822,100	$ 283,311	$ -	$ 64,243,353
Revenue from Internal Customers	2,762,605	921,555	-	795	(3,684,955)	-
Segment Revenue	$ 35,018,675	$ 25,803,427	$ 6,822,100	$ 284,106	($ 3,684,955)	$ 64,243,353
Segment (Loss) Profit	$ 470,514	$ 175,746	($ 134,343)	$ 1,450	$ -	$ 513,367

Cheng Uei Precision Industry Co., Ltd.

Loans to others

Nine months ended September 30, 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 nine months ended September 30, 2018	Balance at September 30, 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	$ -	-	$ -	$ 4,231,328	$ 8,462,656	
1	Fugang Electric (Kunshan) Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd	〃	〃	140,520	-	-	-	2	-	〃	-	-	-	4,231,328	8,462,656	
1	Fugang Electric (Kunshan) Co., Ltd.	Foxlink TianJin Co., Ltd.	〃	〃	46,840	35,488	35,488	-	2	-	〃	-	-	-	4,231,328	8,462,656	
1	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	〃	〃	58,550	-	-	-	2	-	〃	-	-	-	4,231,328	8,462,656	
1	Fugang Electric (Kunshan) Co., Ltd.	Foxlink TianJin Co., Ltd.	〃	〃	13,905	-	-	-	2	-	〃	-	-	-	4,231,328	8,462,656	
1	Fugang Electric (Kunshan) Co., Ltd.	FU SHI XIANG RESEARCH & DEVELOPEMENT CENTER(KUNSHAN) CO., LTD.	〃	〃	15,526	15,526	15,526	-	2	-	〃	-	-	-	4,231,328	8,462,656	
2	Studio A Inc.	Jing Sheng Technology Co., Ltd.	〃	〃	100,000	-	-	-	2	-	〃	-	-	-	173,672	173,672	
2	Studio A Inc.	ASHOP CO., LTD.	〃	〃	167,424	91,575	36,630	2	2	-	〃	-	-	-	173,672	173,672	
3	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	〃	〃	222,000	-	-	-	2	-	〃	-	-	-	112,413	112,413	
3	World Circuit Technology Co., Ltd.	Microlink Communications Inc.	〃	〃	64,000	-	-	-	2	-	〃	-	-	-	112,413	112,413	
3	World Circuit Technology Co., Ltd.	Proconn Technology Co., Ltd.	〃	〃	87,000	-	-	-	2	-	〃	-	-	-	112,413	112,413	
3	World Circuit Technology Co., Ltd.	Cheng Uei Precision Industry Co., Ltd.	〃	〃	157,286	110,501	110,501	-	2	-	〃	-	-	-	112,413	112,413	
4	Jing Jing Technology Co., Ltd.	Jing Sheng Technology Co., Ltd.	〃	〃	20,000	-	-	-	2	-	〃	-	-	-	11,193	11,193	
5	Culink (Tian Jin) Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	〃	〃	234,200	221,800	221,800	-	2	-	〃	-	-	-	4,231,328	8,462,656	
6	Neosonic Energy Technology (Tianjin) Ltd.	Foxlink TianJin Co., Ltd.	〃	〃	4,684	-	-	-	2	-	〃	-	-	-	4,231,328	8,462,656	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2018	Balance at September 30, 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			
6	Neosonic Energy Technology (Tianjin) Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	〃	〃	$ 185,018	$ 175,222	$ 175,222	-	2	$ -	〃	$ -	-	$ -	$ 4,231,328	$ 8,462,656	
7	Kuenshan Fugang Electronics Trading Co., Ltd.	Kunshan Fu Shi Yu Trading Co., Ltd.	〃	〃	107,732	102,028	34,645	-	2	-	〃	-	-	-	4,231,328	8,462,656	
8	FOXWELL ENERGY CORPORATION LTD.	Shinfox Co., Ltd.	〃	〃	134,000	134,000	134,000	1.5	2	-	Capital planning	-	-	-	134,819	269,638	
8	FOXWELL ENERGY CORPORATION LTD.	Power Quotient International Co., Ltd.	〃	〃	100,000	100,000	-	Over 1 month, 1%	2	-	Operations	-	-	-	134,819	269,638	
9	Fu Uei International Investment Ltd.	Shinfox Co., Ltd.	〃	〃	25,000	-	-	2.62	2	-	〃	-	-	-	738,755	738,755	
9	Fu Uei International Investment Ltd.	Cheng Uei Precision Industry Co., Ltd.	〃	〃	210,000	210,000	200,000	-	2	-	〃	-	-	-	738,755	738,755	
10	FOXLINK TECHNOLOGY	Cheng Uei Precision Industry Co., Ltd.	〃	〃	741,024	579,975	573,260	-	2	-	〃	-	-	-	4,231,328	8,462,656	
10	FOXLINK TECHNOLOGY LIMITED	CU INTERNATIONAL LTD.	〃	〃	110,074	104,246	104,246	-	2	-	〃	-	-	-	4,231,328	8,462,656	
10	FOXLINK TECHNOLOGY LIMITED	Microlink Communications Inc.	〃	〃	67,584	67,155	66,241	-	2	-	〃	-	-	-	4,231,328	8,462,656	
10	FOXLINK TECHNOLOGY LIMITED	Proconn Technology Co., Ltd.	〃	〃	92,160	91,575	90,047	-	2	-	〃	-	-	-	4,231,328	8,462,656	
11	Foxlink TianJin Co., Ltd.	Fugang Electric (Kunshan) Co., Ltd.	〃	〃	975,870	354,880	310,520	-	2	-	〃	-	-	-	4,231,328	8,462,656	
11	Foxlink TianJin Co., Ltd.	Dongguan Fuqiang Electronics Co., Ltd.	〃	〃	421,560	399,240	354,880	-	2	-	〃	-	-	-	4,231,328	8,462,656	
11	Foxlink TianJin Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	〃	〃	388,772	-	-	-	2	-	〃	-	-	-	4,231,328	8,462,656	
11	Foxlink TianJin Co., Ltd.	FUGANG ELECTRIC (XUZHOU) CO.,LTD.	〃	〃	268,680	266,160	199,620	-	2	-	〃	-	-	-	4,231,328	8,462,656	
11	Foxlink TianJin Co., Ltd.	Fugang Electronic (Dongguan) Co., Ltd.	〃	〃	281,040	266,160	266,160	-	2	-	〃	-	-	-	4,231,328	8,462,656	
11	Foxlink TianJin Co., Ltd.	FUQIANG ELECTRIC (MAANSHAN) CO., LTD.	〃	〃	84,284	84,284	84,284	-	2	-	〃	-	-	-	4,231,328	8,462,656	
12	Power Quotient Technology (YANCHENG) Co., Ltd.	Jiangsu Foxlink New Energy Technology Co., Ltd.	〃	〃	468,600	443,600	443,600	-	2	-	Capital planning	-	-	-	473,453	946,905	
13	Jiangsu Foxlink New Energy Technology Co., Ltd.	Donghai County Cheng Uei Travel Industry Co., Ltd.	〃	〃	70,162	-	-	-	2	-	Operations	-	-	-	473,453	946,905	

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2018	Balance at September 30, 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			
14	Foxlink International Investment Ltd. (FII)	Cheng Uei Precision Industry Co., Ltd.	〃	〃	$ 230,000	$ 230,000	$ 230,000	-	2	$ -	〃	$ -	-	$ -	$ 1,508,370	$ 1,508,370	
15	Studio A Technology Limited	AShop Co., Ltd.	〃	〃	30,720	30,525	-	-	2	-	〃	-	-	-	4,231,328	8,462,656	

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: The ceiling on the Company and the ovesea subsidiaries directly or indreclty wholly-owned by the Company loaned to/ from a single party is 20% of the Company's net value based on the latest audited or reviewed financial statements.

The ceiling on the Company's non-public subsidiaries loaned to a single party is 40% of the subsidiaries' net value based on the latest audited or reviewed financial statements.

The ceiling on PQI and the ovesea subsidiaries directly or indreclty wholly-owned by PQI loaned to/ from a single party is 20% of PQI's net value based on the latest audited or reviewed financial statements.

The ceiling on thePQI's non-public subsidiaries loaned to a single party is 40% of the subsidiaries' net value based on the latest audited or reviewed financial statements.

Note 3: Total amount on the Company and the ovesea subsidiaries directly or indreclty wholly-owned by the Company loaned to/ from a single party is 40% of the Company's net assets based on the latest audited or reviewed financial statements.

Total amount on the Company's non-public subsidiaries loaned to a single party is 40% of the subsidiaries' net assets based on the latest audited or reviewed financial statements.

The ceiling on PQI and the ovesea subsidiaries directly or indreclty wholly-owned by PQI loaned to/ from a single party is 40% of PQI's net value based on the latest audited or reviewed financial statements.

The ceiling on thePQI's non-public subsidiaries loaned to a single party is 40% of the subsidiaries' net value based on the latest audited or reviewed financial statements.

Cheng Uei Precision Industry Co., Ltd.

Provision of endorsements and guarantees to others

Nine months ended September 30, 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 September 30, 2018	Outstanding endorsement/ guarantee amount at September 30, 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	$ 10,578,321	$ 1,405,200	$ 1,330,800	$ 1,330,800	$ -	6.29	$ 10,578,321	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	Jing Sheng Technology Co., Ltd.	〃	8,462,656	460,800	457,875	65,424	-	2.16	10,578,321	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	ASHOP CO., LTD.	〃	8,462,656	153,600	152,625	57,387	-	0.72	10,578,321	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Inc.	〃	8,462,656	1,228,800	1,221,000	762,628	-	5.77	10,578,321	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Studio A Technology Limited	〃	8,462,656	1,845,120	1,526,250	524,725	-	7.21	10,578,321	Y	N	N	
0	Cheng Uei Precision Industry Co., Ltd.	Kunshan Fugang Electric Trading Co., Ltd.	〃	8,462,656	1,228,800	1,221,100	334,859	-	5.77	10,578,321	Y	N	Y	
0	Cheng Uei Precision Industry Co., Ltd.	FOXLINK INTERNATIONAL INCORPORATION	〃	10,578,321	995,328	989,010	496,886	-	4.67	10,578,321	Y	N	N	
1	Power Quotient International Co., Ltd.	SINOCITY INDUSTRIES LIMITED	〃	1,183,632	305,250	305,250	305,250	-	1.44	1,183,632	Y	N	N	
2	Studio A Inc.	ASHOP CO., LTD.	Studio A Inc., subsidiary	8,462,656	357,120	152,625	57,387	-	0.72	10,578,321	Y	N	N	
2	Studio A Inc.	Studio A Technology Limited	〃	8,462,656	291,840	-	-	-	-	10,578,321	Y	N	N	
3	Fugang Electric (Kunshan) Co., Ltd.	FUGANG ELECTRIC (MAANSHAN) CO., LTD.	Affiliates	10,578,321	1,282,524	1,217,460	1,217,460	-	5.75	10,578,321	Y	N	Y	
3	Fugang Electric (Kunshan) Co., Ltd.	KUNSHAN FUGANG ELECTRIC TRADING CO.,LTD.	〃	8,462,656	93,680	75,412	75,412	-	0.36	10,578,321	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: Calculaton for limit on endorsements/guarantees is as follows:

The Company's and its subsidiaries' gurantee to others should not exceed 50% of the Company's net assets.

PQI's and its subsidiaries' gurantee to others should not exceed 50% of the PQI's net assets.