Coxon Precise Industrial Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2018 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

COXON PRECISE INDUSTRIAL CO., LTD.

By:

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CHANG, WEN-TUNG
Director

March 14, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Coxon Precise Industrial Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Coxon Precise Industrial Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies(collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters of the consolidated financial statements for the year ended December 31, 2018 are as follows:

Sales Revenue Recognition Specific Customers

The sales revenue of Coxon Precise Industrial Co., Ltd. and its subsidiaries for the year ended December 31, 2018 was $5,499,980 thousand. According to the auditing standards, revenue recognition is presumed to have a significant audit risk; in addition, the sales of Coxon Precise Industrial Co., Ltd. and its subsidiary mainly come from distributors. As sales revenue generated from a single transaction which was derived from specific distributors are higher than that from other customers, we considered the occurrence of revenue as a key audit matter. Refer to Notes 4 and 28 to the consolidated financial statements.

Our key audit procedures performed in respect of the sales revenue recognition included the following:

1. We understood, evaluated and tested the effectiveness of the design and implementation of internal control system that is related to revenue recognition.

2. We obtained the sales details of specific customers for the year ended December 31, 2018 and we sampled and tested the selected sales transactions with their original purchase orders, delivery orders and invoices, and we compared the amounts to their respective accounts to ensure the occurrence of the sales.

3. We obtained the sales returns details of specific customers for the subsequent period, sampled and tested the related sales return supporting documents and reviewed the reasonableness of the occurrence of such sales returns.

Other Matters

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income for the year ended December 31, 2017 were based on the associates' financial statements audited by other auditors for the years then ended.

As of December 31, 2017, the amount of investment accounted for using the equity method was $324,133 thousand, which accounted for 3% of the total consolidated asset. For the year ended December 31, 2017, the share of profit or loss of associates and joint ventures was $3,575 thousand, which accounted for 1% of the loss before income tax.

We have also audited the parent company only financial statements of Coxon Precise Industrial Co., Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chuan Chih and Su-Huan You.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2019

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 37)	$ 1,233,017	18	$ 1,889,851	20
Financial assets at fair value through profit or loss - current (Notes 7 and 37)	85,031	1	-	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 37)	201,879	3	-	-
Available-for-sale financial assets - current (Notes 10 and 37)	-	-	19,780	-
Financial assets at amortized cost - current (Notes 9, 37 and 39)	117,217	2	-	-
Trade receivables (Notes 12, 28 and 37)	1,514,329	22	2,032,398	22
Trade receivables from related parties (Notes 12, 28, 37 and 39)	64,626	1	298	-
Other receivables (Note 37)	35,635	-	32,698	1
Other receivables from related parties (Notes 37 and 38)	24,938	-	31,909	-
Current tax assets (Note 30)	22,447	-	-	-
Inventories (Note 13)	538,979	8	682,613	7
Prepayments (Notes 19 and 37)	130,573	2	140,191	2
Non-current assets held for sale (Note 14)	538,154	8	-	-
Other financial assets - current (Notes 20, 37 and 39)	-	-	678,944	7
Other current assets (Note 20)	36,563	-	5,852	-
Total current assets	4,543,388	65	5,514,534	59
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 8 and 37)	54,942	1	-	-
Financial assets measured at cost - non-current (Notes 11 and 37)	-	-	101,398	1
Investments accounted for using the equity method (Notes 16 and 42)	29,214	-	324,133	3
Property, plant and equipment (Notes 17 and 39)	2,018,600	29	2,985,645	32
Intangible assets (Note 18)	33,275	1	43,354	-
Deferred tax assets (Note 30)	149,549	2	207,321	2
Prepayments for equipment (Note 41)	81,832	1	149,742	2
Prepayments for investments (Note 20)	30,000	-	-	-
Long-term prepayments for leases (Notes 19 and 39)	34,607	1	50,084	1
Other non-current assets (Notes 12 and 20)	14,915	-	7,877	-
Total non-current assets	2,446,934	35	3,869,554	41
TOTAL	$ 6,990,322	100	$ 9,384,088	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 7, 22 and 37)	$ -	-	$ 2,425	-
Contract liabilities - current (Notes 28 and 38)	44,254	1	-	-
Notes payable (Notes 23 and 37)	258	-	484	-
Trade payables (Notes 23 and 37)	1,023,231	15	969,939	10
Payables on equipment (Note 37)	20,662	-	47,478	1
Other payables (Notes 24 and 37)	574,002	8	775,202	8
Other payables to related parties (Notes 24, 37 and 38)	-	-	228	-
Current tax liabilities (Notes 30 and 37)	8,619	-	47,417	1
Provisions - current (Note 25)	16,851	-	16,261	-
Liabilities directly associated with non-current assets held for sale (Notes 14 and 38)	58,529	1	-	-
Receipts in advance (Note 38)	-	-	51,618	1
Current portion of bonds payable executed with reverse repurchase agreements (Notes 22, 34 and 37)	-	-	100,700	1
Current portion of long-term borrowings (Notes 21, 34 and 37)	191,667	3	695,834	7
Other current liabilities (Notes 24 and 38)	1,956	-	11,498	-
Total current liabilities	1,940,029	28	2,719,084	29
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 21 and 37)	800,000	11	1,200,000	13
Deferred tax liabilities (Note 30)	15,979	-	140,284	2
Net defined benefit liabilities - non-current (Note 26)	42,172	1	40,705	-
Other non-current liabilities (Notes 24 and 38)	10,459	-	7,566	-
Total non-current liabilities	868,610	12	1,388,555	15
Total liabilities	2,808,639	40	4,107,639	44
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 27 and 33)				
Share capital				
Ordinary shares	1,216,622	17	1,216,622	13
Capital surplus	2,649,585	38	2,749,231	29
Retained earnings				
Legal reserve	671,798	10	671,798	7
Special reserve	221,728	3	28,722	-
Unappropriated earnings	(327,913)	(5)	657,852	7
Total retained earnings	565,613	8	1,358,372	14
Other equity	(354,252)	(5)	(221,728)	(2)
Total equity attributable to owners of the Company	4,077,568	58	5,102,497	54
NON-CONTROLLING INTERESTS	104,115	2	173,952	2
Total equity	4,181,683	60	5,276,449	56
TOTAL	$ 6,990,322	100	$ 9,384,088	100

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Losses Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 28 and 38)	$ 5,499,980	100	$ 5,486,690	100
OPERATING COSTS (Notes 13 and 29)	(5,516,027)	(100)	(5,167,709)	(94)
GROSS (LOSS) PROFIT	(16,047)	-	318,981	6
OPERATING EXPENSES (Note 29)				
Selling and marketing expenses	(200,778)	(4)	(198,594)	(4)
General and administrative expenses	(458,226)	(8)	(522,101)	(9)
Research and development expenses	(18,477)	-	(30,144)	(1)
Expected credit loss	(2,594)	-	-	-
Total operating expenses	(680,075)	(12)	(750,839)	(14)
OTHER OPERATING INCOME AND EXPENSES (Notes 29 and 38)	34,016	-	14,152	-
LOSS FROM OPERATIONS	(662,106)	(12)	(417,706)	(8)
NON-OPERATING INCOME AND EXPENSES (Notes 16, 17, 22, 29, 32 and 38)				
Other income	8,460	-	9,784	-
Other gains and losses	6,768	-	(56,360)	(1)
Finance costs	(32,939)	(1)	(36,889)	-
Share of loss of associates and joint ventures	(24,983)	-	(3,575)	-
Total non-operating income and expenses	(42,694)	(1)	(87,040)	(1)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(704,800)	(13)	(504,746)	(9)
INCOME TAX (EXPENSE) BENEFIT (Note 30)	(3,734)	-	94,362	2
NET LOSS FROM DISCONTINUING OPERATIONS	(182,008)	(3)	(21,621)	(1)
NET LOSS FOR THE YEAR	(890,542)	(16)	(432,005)	(8)

(Continued)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Losses Per Share)

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 26, 27 and 30)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial loss arising from defined benefit plans	$ (1,335)	-	$ (8,125)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	24,561	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,099	-	1,381	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(159,594)	(3)	(232,683)	(4)
Unrealized loss on available-for-sale financial assets	-	-	(2,325)	-
Income tax relating to item that may be reclassified subsequently to profit or loss	40,073	1	39,057	-
Other comprehensive loss for the year, net of income tax	(95,196)	(2)	(202,695)	(4)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (985,738)	(18)	$ (634,700)	(12)
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	$ (837,986)	(15)	$ (395,810)	(7)
Non-controlling interests	(52,556)	(1)	(36,195)	(1)
	$ (890,542)	(16)	$ (432,005)	(8)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	$ (931,861)	(17)	$ (595,560)	(11)
Non-controlling interests	(53,877)	(1)	(39,140)	(1)
	$ (985,738)	(18)	$ (634,700)	(12)

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COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Losses Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
LOSSES PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
From continuing and discontinued operations				
Basic	$ (6.89)		$ (3.25)	
Diluted	$ (6.89)		$ (3.25)	
From continuing operations				
Basic	$ (5.39)		$ (3.07)	
Diluted	$ (5.39)		$ (3.07)	

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

(With Deloitte & Touche auditors' report dated March 14, 2019) (Concluded)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
							Other Equity						
	Ordinary Shares			Retained Earnings									
	Shares Issued (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	125,151	$ 1,251,512	$ 3,017,023	$ 671,798	$ -	$ 1,102,247	$ (41,653)	$ 12,931	$ -	$ (81,084)	$ 5,932,774	$ 149,671	$ 6,082,445
Appropriation of the 2016 earnings													
Special reserve	-	-	-	-	28,722	(28,722)	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	-	(182,493)	-	-	-	-	-	-	-	(182,493)	-	(182,493)
Buy-back of convertible bonds	-	-	(12,790)	-	-	-	-	-	-	-	(12,790)	-	(12,790)
Net loss for the year ended December 31, 2017	-	-	-	-	-	(395,810)	-	-	-	-	(395,810)	(36,195)	(432,005)
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(6,744)	(190,681)	(2,325)	-	-	(199,750)	(2,945)	(202,695)
Total comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	(402,554)	(190,681)	(2,325)	-	-	(595,560)	(39,140)	(634,700)
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	(31,489)	(31,489)	-	(31,489)
Retirement of treasury shares	(3,489)	(34,890)	(64,564)	-	-	(13,119)	-	-	-	112,573	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	(7,945)	-	-	-	-	-	-	-	(7,945)	7,945	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	55,476	55,476
BALANCE AT DECEMBER 31, 2017	121,662	1,216,622	2,749,231	671,798	28,722	657,852	(232,334)	10,606	-	-	5,102,497	173,952	5,276,449
Effect of retrospective application and retrospective restatement	-	-	-	-	-	22,267	-	(10,606)	(5,083)	-	6,578	-	6,578
BALANCE AT JANUARY 1, 2018 AS RESTATED	121,662	1,216,622	2,749,231	671,798	28,722	680,119	(232,334)	-	(5,083)	-	5,109,075	173,952	5,283,027
Appropriation of the 2017 earnings													
Special reserve	-	-	-	-	193,006	(193,006)	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	-	(97,330)	-	-	-	-	-	-	-	(97,330)	-	(97,330)
Redemption of bond	-	-	(2,316)	-	-	-	-	-	-	-	(2,316)	-	(2,316)
Net loss for the year ended December 31, 2018	-	-	-	-	-	(837,986)	-	-	-	-	(837,986)	(52,556)	(890,542)
Other comprehensive income (loss) or the year ended December 31, 2018, net of income tax	-	-	-	-	-	(236)	(118,200)	-	24,561	-	(93,875)	(1,321)	(95,196)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(838,222)	(118,200)	-	24,561	-	(931,861)	(53,877)	(985,738)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(15,960)	(15,960)
Disposals of investments in equity instruments designated as at fair value through other comprehensive	-	-	-	-	-	23,196	-	-	(23,196)	-	-	-	-
BALANCE AT DECEMBER 31, 2018	121,662	$ 1,216,622	$ 2,649,585	$ 671,798	$ 221,728	$ (327,913)	$ (350,534)	$ -	$ (3,718)	$ -	$ 4,077,568	$ 104,115	$ 4,181,683

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

(With Deloitte & Touche auditors' report dated March 14, 2019)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		
Income before income tax from continuing operations	$ (704,800)	$ (504,746)
Income before income tax from discontinued operations	(182,004)	(22,093)
Loss before income tax	(886,804)	(526,839)
Adjustments for:		
Depreciation expenses	631,186	720,207
Amortization expenses	18,386	17,643
Expected credit loss recognized	5,247	-
Impairment loss recognized on trade receivables	-	25,022
Net loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	8,319	3,648
Finance costs	32,939	36,889
Interest income	(8,276)	(10,285)
Dividend income	(184)	(178)
Share of loss of associates and joint ventures	24,983	3,575
Gain on disposal of property, plant and equipment	(58,719)	(3,258)
Gain on disposal of investments	(125,067)	(17,542)
(Reversal of) impairment loss recognized on property, plant and equipment	172,003	7,469
(Reversal of) write-down of inventories	172,319	30,340
Unrealized (gain) loss on the foreign currency exchange	10,711	(5,456)
Changes in operating assets and liabilities		
Trade receivables	414,170	(48,638)
Other receivables	408	27,037
Inventories	(26,826)	(16,358)
Prepayments	6,378	14,323
Other current assets	(30,711)	371
Contract liabilities	(6,096)	-
Notes payable	(226)	(166)
Trade payables	70,796	64,074
Other payables	(178,218)	(18,909)
Provisions	590	(3,272)
Receipt in advance	-	(2,136)
Other current liabilities	(8,983)	(27,714)
Deferred revenue	4,638	-
Net defined benefit liabilities	132	(130)
Cash generated from operations	243,095	269,717
Interest received	8,276	10,285
Dividends received	184	178
Interest paid	(29,824)	(26,304)
Income tax paid	(89,600)	(68,018)
Net cash generated from operating activities	132,131	185,858

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COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
NET CASH FLOWS GENERATED FROM (USED IN) INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	$ (123,660)	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	26,418	-
Purchase of available-for-sale financial assets	-	(1,645)
Proceeds from sale of available-for-sale financial assets	-	19,159
Purchase of financial assets at amortized cost	548,885	-
Purchase of financial assets measured at cost	-	(45,053)
Proceeds from sale of financial assets measured at cost	-	1,203
Disposal of investments accounted for using the equity method	156,775	-
Increase in prepayments for investment	(30,000)	-
Payments for property, plant and equipment	(159,502)	(227,389)
Proceeds from disposal of property, plant and equipment	164,141	67,555
Increase in refundable deposits	(7,307)	(997)
Payments for intangible assets	(8,328)	(12,162)
(Increase) decrease in other financial assets	-	(430,511)
Increase in prepayments for equipment	(4,972)	(144,162)
Net cash used in investing activities	562,450	(774,002)
NET CASH USED IN FINANCING ACTIVITIES		
Repayments of bonds	(107,499)	-
Repayments for buy-back of bonds	-	(701,041)
Proceeds from long-term borrowings	2,000,000	500,000
Repayments of long-term borrowings	(2,904,167)	(104,167)
Increase in guarantee deposits received	3,641	3,021
Dividends paid to owners of the Company	(97,330)	(182,493)
Payments to acquire treasury shares	-	(31,489)
Changes in non-controlling interests	(15,960)	55,476
Net cash used in financing activities	(1,121,315)	(460,693)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(38,423)	16,876
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(465,157)	(1,031,961)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,889,851	2,921,812
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,424,694	$ 1,889,851

(Continued)

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent item reported in the consolidated balance sheets at December 31, 2018 and 2017:

	December 31	
	2018	**2017**
Cash and cash equivalents in consolidated balance sheets	$ 1,233,017	$ 1,889,851
Cash and cash equivalents in disposal group held for sale	191,677	-
Cash and cash equivalents in consolidated statements of cash flows	$ 1,424,694	$ 1,889,851

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

(With Deloitte & Touche auditors' report dated March 14, 2019) (Concluded)

1. GENERAL INFORMATION

Coxon Precise Industrial Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in June 1989. The Company mainly manufactures, packages and sells all kinds of molds, metal and plastic components and makes relevant investments.

The Company’s shares were previously listed on the Taipei Exchange (formerly the Taiwan GreTai Securities Market) since January 2008 and has now been listed on the Taiwan Stock Exchange (TWSE) since October 2009.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 14, 2019.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

   1) Annual Improvements to IFRSs 2014-2016 Cycle

      Several standards, including IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures,” were amended in this annual improvement.

      The amendment to IFRS 12 clarifies that when an entity’s interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12. However, all other requirements in IFRS 12 apply to interests in entities classified as held for sale in accordance with IFRS 5. The Group applied the aforementioned amendment retrospectively.

2) IFRS 9 “Financial Instruments” and related amendments

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group’s financial assets and financial liabilities as of January 1, 2018.

Financial Assets	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 1,889,851	$ 1,889,851	b)
Equity securities	Available-for-sale	Fair value through other comprehensive income (FVTOCI) - equity instruments	19,780	19,780	a)
	Measured at cost	FVTOCI - equity instruments	101,398	107,976	a)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cos	2,097,303	2,097,303	c)
Other financial assets - current	Loans and receivables	Amortized cost	678,944	678,944	b)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI							
Equity instruments	$ 101,398	$ (101,398)	$ -	$ -	$ -	$ -	a)
Add: Reclassification from fair value through profit or loss (FVTPL) (IAS 39) (including fair value option revoked)	19,780	(19,780)	-	-	-	-	a)
Add: Reclassification from available-for-sale (IAS 39)	-	121,178	6,578	127,756	22,267	(15,689)	a)
	$ 121,178	$ -	$ 6,578	$ 127,756	$ 22,267	$ (15,689)	

a) The Group elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of $10,606 thousand was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $6,578 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $5,083 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of $22,267 thousand in retained earnings on January 1, 2018.

b) Cash and cash equivalents and other financial assets -current previously classified as loans and receivables under IAS 39 are classified as at amortized cost under IFRS 9.

c) Notes receivable, trade receivables and other receivables that were previously classified as loans and receivables under IAS 39 are classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

3) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

4) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendments clarify that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendments also stipulate that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

Prior to the amendment, in assessing a deferred tax asset, the Group assumed that it will recover the asset at its carrying amount when estimating probable future taxable profit. The Group applied the above amendments retrospectively in 2018.

5) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the Interpretation.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in China are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Investment properties	$ -	$ 1,086,086	$ 1,086,086
Total effect on assets	$ -	$ 1,086,086	$ 1,086,086
Finance lease payables - non-current	$ -	$ 1,086,086	$ 1,086,086
Total effect on liabilities	$ -	$ 1,086,086	$ 1,086,086

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the Group will recognize the cumulative effect of retrospective application in retained earnings on January 1, 2019.

3) Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the Group’s net investment in an associate or joint venture. For long-term interests that, in substance, form part of the Group’s net investment in an associate or joint venture and are governed by IFRS 9, the Group shall, based on the facts and circumstances that exist on January 1, 2019, perform an assessment of the classification under IFRS 9 applied retrospectively.

4) Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of the principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explain that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

Upon initial application of the above amendments, the Group will recognize the cumulative effect of retrospective application in retained earnings on January 1, 2019.

5) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings. Upon initial application of the above amendment, the related borrowing costs will be included in the calculation starting from 2019.

6) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group will apply the above amendments prospectively.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

   Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e. the Group's share of the gain or loss is eliminated.

2) Amendments to IFRS 3 "Definition of a Business"

   The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

   Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

   The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

   The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

   The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

   1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

- Principles for preparing consolidated financial statements

  The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries, including structured entities).

  Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

  When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

  All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

  Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment in an associate or a jointly controlled entity.

See Note 15, Tables 5 and 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group' consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment (including assets held under finance leases and bearer plants) are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

When a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate previously classified as held for sale no longer meets the criteria to be so classified, it is measured at the carrying amount that would have been recognized had such interests not been classified as held for sale. The consolidated financial statements for the years since classification as held for sale are amended accordingly.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

<u>2018</u>

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note XX.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and financial assets at amortized cost - current, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

Financial assets are classified into the following categories: Available-for-sale financial assets, and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and presented in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value of such financial assets is recognized in other comprehensive income. Any impairment losses are recognized in profit and loss.

ii. Loans and receivables

Loans and receivables (including cash and cash equivalents, trade receivables, notes receivable, other financial assets and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits and with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

2017

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets measured at amortized cost, such as trade receivables, notes receivable and other receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with defaults on receivables, and other situations.

For a financial asset measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For any available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are measured at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables, notes receivables and overdue receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables, notes receivables and overdue receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or is designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Before 2018, derivatives embedded in non-derivative host contracts were treated as separate derivatives when they met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. Starting from 2018, derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Revenue recognition

<u>2018</u>

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Revenue from the sale of goods comes from manufacturing, processing and sales of molds, an parts and plastic molding fixture. Sales of those goods are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Receipts in advance are recognized as contract liabilities before the goods are shipped

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

   Revenue from the sale of goods is recognized when all the following conditions are satisfied:

   a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

   b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

   c) The amount of revenue can be measured reliably;

   d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

   e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

   The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of the materials' ownership.

2) Rendering of services

   Service income is recognized when services are provided.

   a) The amount of revenue can be measured reliably;

   b) It is probable that the economic benefits associated with the transaction will flow to the entity;

   c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

   d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

   The Group recognized the revenue within the scope of recoverable costs, when the results of rendering services cannot be measured reliably; the Group does not recognized the revenue, when the results of rendering services cannot be measured reliably and the cost is likely unrecoverable.

3) Dividend and interest income

Dividend income from investments is recognized when a shareholder’s right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Group and that the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

o. Leasing

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and net interest on the net defined benefit liabilities (assets)) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 1,325	$ 2,359
Checking accounts and demand deposits	1,200,692	1,855,264
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	31,000	31,000
Bank acceptances	-	1,228
	$ 1,233,017	$ 1,889,851

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2018	2017
Financial assets mandatorily classified as at FVTPL - current		
Structured deposits*	$ 85,031	$ -
Financial liabilities at FVTPL - current		
Derivative financial liabilities		
Convertible options (Note 22 on convertible options)	$ -	$ 2,425

* The Group entered into a short-term structured time deposit contract with bank in 2018. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The contract was designated as at FVTPL under IAS 39. But under IFRS 9, the entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT FVTOCI - 2018

Investments in equity instruments at FVTOCI

	December 31, 2018
Current	
Domestic investments	
Unlisted shares	
Ordinary shares - Halo Neuro Inc.	$ -
Ordinary shares - Toyo Precision Appliance (Kunshan) Co., Ltd.	201,879
	$ 201,879
Non-current	
Domestic investments	
Unlisted shares	
Ordinary shares - Kin Tin Optotronic Co., Ltd.	$ -
Foreign investments	
Unlisted shares	
Ordinary shares - CGK International Co., Ltd.	30,826
Ordinary shares - PT. Fuji Seiki Indonesia	24,116
Ordinary shares - Aetas Technology Inc.	-
	$ 54,942

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3, Note 10 and Note 11 for information relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	December 31, 2018
Current	
Domestic investments	
Principal guaranteed fund	$ 44,753
Bank deposits pledged as collateral	72,464
Less: Allowance for impairment loss	-
	$ 117,217

Refer to Note 39 for information relating to bank deposits pledged as collateral.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2017
Domestic investments	
Listed shares and emerging market shares	$ 13,828
Foreign investments	
Unlisted shares	5,952
	$ 19,780

11. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31, 2017
Domestic unlisted ordinary shares	$ 101,398

Management believed the above unlisted equity investments held by the Group had fair values, which cannot be reliably measured, because the range of reasonable fair value estimates was so significant. Therefore, they were measured at cost less impairment at the end of the reporting period.

During 2017, the Group disposed of certain financial assets measured at cost with carrying amounts of $0 thousand and recognized a disposal gain of $1,203 thousand.

12. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31 2018	December 31 2017
Trade receivables		
Unrelated parties	$ 1,532,074	$ 2,053,836
Less: Allowance for impairment loss	(17,745)	(21,438)
	$ 1,514,329	$ 2,032,398
Related parties	$ 64,626	$ 298

2018

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2018

	Not Past Due	0-30 Days	31-90 Days	91-180 Days	Over 180 Days	Total	Overdue Receivables Over 365 Days
Gross carrying amount	$ 1,402,810	$ 93,279	$ 22,014	$ 7,459	$ 6,512	$ 1,532,074	$ 19,085
Loss allowance (lifetime ECL)	(3,123)	(3,942)	(1,940)	(2,228)	(6,512)	(17,745)	(19,085)
Amortized cost	$ 1,399,687	$ 89,337	$ 20,074	$ 5,231	$ -	$ 1,514,329	$ -

The movements of the loss allowance of trade receivables were as follows:

	Trade Receivables	Overdue Receivables
Balance at January 1, 2018 per IAS 39 and IFRS 9	$ 21,438	$ 23,004
Add: Impairment losses recognized	4,751	496
Less: Amounts written off	(4,239)	-
Less: Reclassified to non-current assets held for sale (Note 14)	(3,842)	(3,737)
Foreign exchange losses	(363)	(678)
	$ 17,745	$ 19,085

2017

The average credit period on sales of goods was 90-120 days. No interest was charged on trade receivables. The Group recognized an allowance for impairment loss of 100% against all receivables over 181 days because historical experience had been that receivables that are past due 181 days and beyond were not recoverable. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience with the counterparties and an analysis of their current financial position.

Trade receivables disclosed above included amounts (the aging analysis is shown below) that were past due at the end of the reporting period but for which the Company did not recognized an allowance for impairment loss because there were no significant changes in their credit quality and the amounts were considered recoverable.

The aging analysis of the trade receivables that were impaired was as follows:

	December 31, 2017
Not overdue	$ 1,841,185
Overdue with aging of 1-30 days	143,612
Overdue with aging of 31-60 days	44,193
Overdue with aging of 61-90 days	7,715
Overdue with aging of 91-180 days	7,331
Overdue with aging of 181 days or more	10,098
	$ 2,054,134

The movements of the allowance of doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ -	$ 16,121	$ 16,121
Add: Impairment losses recognized on receivables	-	5,496	5,496
Foreign exchange translation gains and losses	-	(179)	(179)
Balance at December 31, 2017	$ -	$ 21,438	$ 21,438

The movements of the allowance of doubtful overdue receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ -	$ 3,332	$ 3,332
Less: Impairment losses reversed	-	19,526	19,526
Foreign exchange translation gains and losses	-	146	146
Balance at December 31, 2017	$ -	$ 23,004	$ 23,004

Overdue receivables were classified under other assets.

13. INVENTORIES

	December 31	
	2018	2017
Raw materials	$ 67,382	$ 147,175
Materials	37,129	19,080
Work in progress (including molds)	235,956	279,386
Semifinished products	37,805	55,395
Finished goods	160,707	181,577
	$ 538,979	$ 682,613

The inventory write-downs recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $361,348 thousand and $207,248 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $5,516,027 thousand and $5,167,709 thousand, respectively.

The cost of goods sold includes the amounts of written-off the inventory and recognized as expenses were as follows:

	For the Year Ended December 31	
	2018	2017
Inventory write-downs	$ 172,319	$ 30,340
Unallocated production overhead	380,021	383,256
	$ 552,340	$ 413,596

14. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

a. Discontinued operations

On July 19, 2018, the board of directors of the Group resolved to dispose of 100% of the shares of Shanghai Teckyork Enterprise Co., Ltd. and Shanghai Sonor Enterprise Co., Ltd. to stop the production of plastic products.

The above transaction was in compliance with the requirements of "non-current assets held for sale and discontinued operations" under IFRS 5, and the disposed assets are classified as non-current assets for sale. In addition, the non-current assets for sale meets the definition of discontinued operation and is therefore expressed as discontinued operation. In order to match the expression of discontinued operation in the consolidated income statements for the year ended December 31, 2018, the Group reclassified the profit and loss item of the discontinued operation for the year ended December 31, 2017, so as to make the information in the income statements of the years ended December 31, 2018 and 2017 more relevant.

Profit (loss) from discontinued operations was as follows:

	For the Year Ended December 31	
	2018	**2017**
Net loss for the year	$ (182,004)	$ (22,093)
Reversals of impairment losses on changes in fair value less costs to sell	-	-
Income tax expense	(4)	472
	$ (182,008)	$ (21,621)

The details of profit (loss) from discontinued operations and the related cash flow information were as follows:

	For the Year Ended December 31	
	2018	**2017**
Operating revenue	$ 221,769	$ 537,402
Operating costs	(284,468)	(507,752)
Gross profit	(62,699)	29,650
Selling and marketing expenses	(6,722)	(10,869)
General and administrative expenses	(166,690)	(53,575)
Expected credit loss	(2,938)	-
Profit from operations	(239,049)	(34,794)
Other operating income and expenses	59,018	18,900
Other income	737	679
Other gains and losses	(2,708)	(6,878)
Finance costs	(2)	-
Profit (loss) before tax	(182,004)	(22,093)
Income tax expense	(4)	472
Net profit (loss) for the year	$ (182,008)	$ (21,621)
Profit (loss) from discontinued operations attributable to:		
Owners of the Company	$ (182,008)	$ (21,621)
Non-controlling interests	-	-
	$ (182,008)	$ (21,621)
Net cash used in operating activities	$ (14,667)	$ (9,039)
Net cash generated from investing activities	61,761	184
Net cash generated from (used in) financing activities	295	(161,090)
Net cash inflows (outflows)	$ 47,389	$ (169,945)

b. Non-current assets held for sale

	December 31, 2018
Non-current assets held for sale	$ 538,154
Liabilities directly associated with non-current assets classified as held for sale	$ 58,529

The board of directors of the Company resolved to dispose of the entire shareholding of Shanghai Teckyork Enterprise Co., Ltd. and Shanghai Sonor Enterprise Co., Ltd. on July 19, 2018, and has been actively seeking buyers. The disposal procedures are expected to be completed within 12 months. The non-current assets for sale that have been reclassified are separately stated in the consolidated balance sheet. The main categories of assets and liabilities under the non-current assets for sale are as follows:

	December 31, 2018
Cash and cash equivalents	$ 191,677
Financial assets at FVTPL - current	31,327
Financial assets at amortized cost - current	12,842
Trade receivables	32,504
Other receivables	3,625
Inventory	4,810
Prepayments	5,203
Property, plant and equipment	243,106
Prepayments for equipment	112
Long-term prepayments for leases	12,679
Other non-current assets	269
Non-current assets classified as held for sale	$ 538,154
Trade and other payables	$ 51,316
Contract liabilities	1,268
Other current liabilities	559
Other non-current liabilities	5,386
Liabilities directly associated with non-current assets classified as held for sale	$ 58,529

The net proceeds of disposal are expected to exceed the carrying amount of related net assets, and accordingly, no impairment was recognized while reclassifying the assets and liabilities attributable to the production line to non-current assets held for sale.

On November 14, 2018, the board of directors of the Company resolved to dispose of Teckyork Enterprise Co., Ltd. However, the Company did not reclassify Teckyork Enterprise Co., Ltd. as non-current assets for sale because it did not meet the condition for immediate sale.

On November 14, 2018, the board of directors of the Group resolved to dispose of Teckyork Enterprise Co., Ltd. However, as Teckyork Enterprise Co., Ltd. does not meet the condition for immediate sale, it is not intended to reclassify Teckyork Enterprise Co., Ltd. as non-current assets for sale.

15. SUBSIDIARY

a. Subsidiary included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31 2018	% of Ownership December 31 2017
Coxon Precise Industrial Co., Ltd.	Coxon Industry Ltd.	Global investing activities	100	100
Coxon Industrial Ltd.	Dong Guan Chensong Plastic Co., Ltd.	Manufacturing and sale of nonmetal molding and automobile part	100	100
Coxon Precise Industrial Co., Ltd.	Sun Can International Ltd.	Global investing activities	100	100
Sun Can International Ltd.	Sinxon Plastic (Dong Guan) Ltd.	Manufacturing and sale of nonmetal molding and automobile part	100	100
Coxon Precise Industrial Co., Ltd.	Teckyork Enterprise Co., Ltd.	Global investing activities	100	100
Teckyork Enterprise Co., Ltd.	Shanghai Teckyork Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	100	100
	Shanghai Sonor Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	100	100
	Vastech Industrial Co., Ltd.	Global investing activities	-	100
Vastech Industrial Co., Ltd.	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	-	100
Teckyork Enterprise Co., Ltd.	Changshu Huaxon Industry Co., Ltd.	Leasehold estate	100	100
Coxon Precise Industrial Co., Ltd.	Cheng Yee Enterprise Ltd.	Global investing activities	100	100
Cheng Yee Enterprise Ltd.	Coxon Precise International Ltd.	Global investing activities	100	100
	Hang Yuan Enterprise Ltd.	Global investing activities	100	100
Hang Yuan Enterprise Ltd.	Coxon Industry (Changshu) Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	100	100
Cheng Yee Enterprise Ltd.	Coxon Medical Limited	Global investing activities	80	80
Coxon Medical Limited	Shanghai Coxon Medical Limited	Manufacturing of medical materials	100	100
Coxon Precise Industrial Co., Ltd.	Cheng Da Industry Ltd.	Global investing activities	100	100
Cheng Da Industry Ltd.	Dong Guan Cheng Da Metal Product Company Limited	Manufacturing optical instrument, electronic products and plastic products	100	100
Coxon Precise Industrial Co., Ltd.	Soartek Optoelectronics Technology Co., Ltd.	Manufacturing of optical instrument and electronic components	100	100
Soartek Optoelectronics Technology Co., Ltd.	Hsiangtek Optical Technology Co., Ltd.	Global investing activities	-	100
Coxon Precise Industrial Co., Ltd.	Plenty Link Technology Co., Ltd.	Global investing activities	65	65
Plenty Link Technology Co., Ltd.	Dongguan Shuang-Ying Photoelectric Technology Co., Ltd.	Manufacturing of optical instrument and electronic components	100	100
Plenty Link Technology Co., Ltd.	Shuang-Ying Science and Technology, Ltd.	Manufacturing of optical instrument and electronic components	100	100

On December 25, 2015, board of directors of Vastech Plastic (Shanghai) Industrial Co., Ltd. resolved to end its operation and completed the liquidation on April 19, 2018. On March 19, 2018, the board of directors of Vastech Industrial Co., Ltd. resolved to end its operation and completed the liquidation on June 21, 2018. On March 19, 2018, the board of directors of Hsiangtek Optical Technology Co., Ltd. resolved to end its operation and completed the liquidation on May 28, 2018. For a description of the liquidation of these subsidiaries of the Group, refer to Note 32.

b. Subsidiary not included in consolidated financial statements: None

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31 2018	December 31 2017
Material associates		
Toyo Precision Appliance (Kunshan) Co., Ltd.	$ -	$ 277,986
Associates that are not individually material		
Changshu Houkennixx Plastic Product Co., Ltd.	-	32,922
Guangdong Tonly Precision Structure Co., Ltd.	20,005	-
Siix Coxon Precision Phils., Inc.	9,209	13,225
	$ 29,214	$ 324,133

As at the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	December 31 2018	December 31 2017
Toyo Precision Appliance (Kunshan) Co., Ltd.	-	30%
Changshu Houkennixx Plastic Product Co., Ltd.	-	25%
Guangdong Tonly Precision Structure Co., Ltd.	30%	-
Siix Coxon Precision Phils., Inc.	45%	45%

Refer to Table 5 "Information on Investees" and Table 6 "Information on Investments in Mainland China" for the nature of activities, principal places of business and countries of incorporation of the associates.

In 2017, the Group held 30% interest in Toyo Precision Appliance (Kunshan) Co., Ltd. and accounted for the investment as an associate. In October 2018, the Group sold 15% of its interest in Toyo Precision Appliance (Kunshan) Co., Ltd. to a third party for proceeds of $126,626 thousand and, thus, ceased to have significant influence. The Group retained the remaining 15% interest as financial assets at FVTOCI whose fair value at the date of disposal was $131,235 thousand. This transaction resulted in the recognition of a gain in profit or loss, which is calculated as follows:

Proceeds of disposal	$ 126,626
Less: Carrying amount of investment on the date of loss of significant influence	(128,817)
Plus/less: Share of other comprehensive income of the associate	89,543
Gain (loss) recognized	$ 87,352

The summarized financial information in respect of the Group's associates is set out below:

	December 31 2018	December 31 2017
Total assets	$ 408,312	$ 2,872,090
Total liabilities	$ 321,164	$ 1,784,391

	For the Year Ended December 31 2018	For the Year Ended December 31 2017
Revenue	$ 325,960	$ 3,729,914
Profit (loss) for the year	$ (13,756)	$ 25,368

Investments accounted for using the equity method as well as share of profit or loss and other comprehensive gains and losses of the Group, except Guangdong Tonly Precision Structure Co., Ltd. and Siix Coxon Precision Phils., Inc. in 2018, were calculated based on the financial reports not audited by the auditor; in 2017, they were calculated based on the financial reports audited by the auditor. However, management of the Company believes that the 2018 annual financial reports of the above subsidiaries will not be subject to major adjustments if they were verified by the auditor.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Leasehold Improvement	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2017	$ 79,244	$ 1,835,801	$ 4,312,892	$ 54,310	$ 71,457	$ 580,695	$ 536,900	$ 13,094	$ 7,484,393
Additions	-	-	129,540	1,821	4,272	14,945	30,479	17,770	198,827
Disposals	-	-	(214,727)	(749)	(2,789)	-	(7,514)	-	(225,779)
Reclassification	-	-	232,481	-	-	18,679	25,935	(11,169)	265,926
Effect of exchange rate changes	-	(43,546)	(115,199)	(706)	(1,404)	(29,427)	(10,914)	(194)	(201,390)
Balance at December 31, 2017	$ 79,244	$ 1,792,255	$ 4,344,987	$ 54,676	$ 71,536	$ 584,892	$ 574,886	$ 19,501	$ 7,521,977
Accumulated depreciation and impairment									
Balance at January 1, 2017	$ 18,812	$ 745,236	$ 2,526,120	$ 36,430	$ 62,897	$ 294,086	$ 287,294	$ -	$ 3,970,875
Depreciation expense	-	80,581	499,192	4,083	3,331	30,398	102,622	-	720,207
Impairment losses recognized in profit or loss	-	-	3,464	100	3	176	3,726	-	7,469
Disposals	-	-	(152,540)	(729)	(2,773)	-	(5,440)	-	(161,482)
Effect of exchange rate changes	-	(17,988)	36,009	(470)	(1,233)	(12,017)	(5,038)	-	(737)
Balance at December 31, 2017	$ 18,812	$ 807,829	$ 2,912,245	$ 39,414	$ 62,225	$ 312,643	$ 383,164	$ -	$ 4,536,332
Carry amounts value at December 31, 2017	$ 60,432	$ 984,426	$ 1,432,742	$ 15,262	$ 9,311	$ 272,249	$ 191,722	$ 19,501	$ 2,985,645
Cost									
Balance at January 1, 2018	$ 79,244	$ 1,792,255	$ 4,344,987	$ 54,676	$ 71,536	$ 584,892	$ 574,886	$ 19,501	$ 7,521,977
Additions	-	14,524	68,301	589	286	11,464	19,775	17,747	132,686
Disposals	-	(36,913)	(715,636)	(8,033)	(5,494)	(15,702)	(73,810)	-	(855,588)
Reclassification	-	-	21,681	-	-	23,897	32,853	(5,661)	72,770
Reclassified as held for sale	-	(549,158)	-	(6,251)	(13,094)	-	(13)	(9,504)	(578,020)
Effect of exchange rate changes	-	(22,351)	(55,615)	117	(265)	4,335	(7,585)	(563)	(81,927)
Balance at December 31, 2018	$ 79,244	$ 1,198,357	$ 3,663,718	$ 41,098	$ 52,969	$ 608,886	$ 546,106	$ 21,520	$ 6,211,898
Accumulated depreciation and impairment									
Balance at January 1, 2018	$ 18,812	$ 807,829	$ 2,912,245	$ 39,414	$ 62,225	$ 312,643	$ 383,164	$ -	$ 4,536,332
Depreciation expense	-	80,380	408,939	4,247	3,102	33,790	100,728	-	631,186
Impairment losses	-	-	103,355	102	41	39,110	29,395	-	172,003
Disposals	-	(23,106)	(633,996)	(7,552)	(5,152)	(8,709)	(71,651)	-	(750,166)
Reclassification	-	-	-	-	-	-	-	-	-
Reclassified as held for sale	-	(318,968)	-	(3,412)	(12,533)	-	(1)	-	(334,914)
Effect of exchange rate changes	-	(9,507)	(47,213)	245	(225)	1,366	(5,809)	-	(61,143)
Balance at December 31, 2018	$ 18,812	$ 536,628	$ 2,743,330	$ 33,044	$ 47,458	$ 378,200	$ 435,826	$ -	$ 4,193,298
Carry amounts value at December 31, 2018	$ 60,432	$ 661,729	$ 920,388	$ 8,054	$ 5,511	$ 230,686	$ 110,280	$ 21,520	$ 2,018,600

Due to the poor sales of plastic component products of the Group in the South China area, the Group expects that the future economic benefits of the equipment used to produce such products in the South China area will be reduced, and the recoverable amount will be less than the carrying amount. Therefore, as of December 31, 2018 and 2017 the impairment losses of $172,003 thousand and $7,469 thousand were recognized, respectively. The impairment losses have been included in other benefits and losses of the consolidated income statements.

The Group recognized the recoverable amount of the machine and equipment based on the fair value less the disposal cost. The relevant fair value is measured using the market method; the main assumption of fair value includes the estimated sale value, which is level 2 of fair value measurement.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Main buildings	10-50 years
Engineering systems	5-20 years
Machinery	1-10 years
Transportation equipment	1-10 years
Office equipment	1-10 years
Leasehold improvement	2-20 years
Other equipment	2-20 years

Refer to Note 39 for the carrying amount of property, plant and equipment pledged by the group to secure borrowings/general banking facilities granted to the Group.

The above-mentioned non-current assets for sale are measured at the lower of the carrying amount and the fair value less the disposal cost, and are reclassified as non-current assets for sale. Please refer to Note 14.

18. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2017	$ 134,254
Additions	12,162
Effect of exchange rate changes	(4,762)
Balance at December 31, 2017	$ 141,654
Accumulated amortization	
Balance at January 1, 2017	$ 83,510
Amortization expense	17,643
Effect of exchange rate changes	(2,853)
Balance at December 31, 2017	$ 98,300
Carrying amounts at December 31, 2017	$ 43,354
Cost	
Balance at January 1, 2018	$ 141,654
Additions	8,328
Disposals	(3,520)
Reclassified as held for sale	(4,316)
Effect of exchange rate changes	328
Balance at December 31, 2018	$ 142,474
Accumulated amortization	
Balance at January 1, 2018	$ 98,300
Amortization expense	18,386
Disposals	(3,520)
Reclassified as held for sale	(4,316)
Effect of exchange rate changes	349
Balance at December 31, 2018	$ 109,199
Carrying amounts at December 31, 2018	$ 33,275

The above items of other intangible assets are amortized on a straight-line basis at the following rates per annum:

Computer software	1-10 years

19. LONG-TERM REPAYMENTS FOR LEASE OBLIGATIONS

	December 31	
	2018	2017
Land use right		
Current (prepayments)	$ 913	$ 1,961
Non-current	34,607	50,084
	$ 35,520	$ 52,045

Long-term prepaid lease payments include land use rights which are for land located in mainland China.

Refer to note 14 for the long-term prepayments for lease obligations of Shanghai Teckyork Enterprise Co., Ltd. reclassified to non-current assets held for sale.

Refer to Note 39 for the land use rights which are for land located in mainland China pledged by the Group to secure borrowings/general banking facilities which were granted to the Group.

20. OTHER FINANCIAL ASSETS

	December 31	
	2018	2017
Current		
Other financial assets - current		
Time deposits with original maturities of more than 3 months	$ -	$ 109,308
Principal guaranteed fund	-	391,687
Time deposits pledged	-	177,949
	$ -	$ 678,944
Other current assets	$ 36,563	$ 5,852
Non-current		
Prepayments for investments	$ 30,000	$ -
Refundable deposits	$ 14,915	$ 7,877
Overdue receivable	19,085	23,004
Less: Allowance for impairment loss	(19,085)	(23,004)
	$ 14,915	$ 7,877

The Group is a leader in environment-friendly materials and has a control on key material sources. The Group had plans to invest in Simpla Biotech Co., Ltd., and as of December 31, 2018, the Group invested $30,000 thousand which is recognized as prepaid investment funds.

21. BORROWINGS

Long-term Borrowings

	December 31	
	2018	**2017**
Secured borrowings (Note 34)		
Bank loans		
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2017; loan period from November 6, 2017 to November 6, 2019. Principal lump-sum payment at maturity and interest payment monthly. The Group paid it off ahead of time.	$ -	$ 53,000
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2018; loan period from November 6, 2018 to November 6, 2020. Principal lump-sum payment at maturity and interest payment monthly.	53,000	-
Unsecured borrowings		
Bank loans		
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2018; loan period from November 6, 2018 to November 6, 2020. Principal lump-sum payment at maturity and interest payment monthly.	247,000	-
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2017; loan period from November 6, 2017 to November 6, 2019. Principal lump-sum payment at maturity and interest payment monthly. The Group paid it off ahead of time.	-	247,000
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2017; loan period from April 5, 2016 to April 5, 2018. Principal lump-sum payment at maturity and interest payment monthly. The Group paid it off ahead of time.	-	100,000
Hua Nan Bank Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2017; loan period from July 24, 2017 to July 25, 2019. Principal lump-sum payment at maturity and interest payment monthly. The Group paid it off ahead of time.	-	100,000

(Continued)

	December 31	
	2018	2017
Hua Nan Bank		
Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2018; loan period from August 15, 2018 to August 15, 2020. Principal lump-sum payment at maturity and interest payment monthly.	$ 100,000	$ -
Hua Nan Bank		
Medium-term working capital loan with a credit line of $800,000 thousand and interest rate of 1.35% for the year ended December 31, 2017; loan period from August 15, 2017 to August 15, 2019. Principal lump-sum payment at maturity and interest payment monthly. The Group paid it off ahead of time.	-	100,000
China Trust Bank		
Medium-term working capital loan with a credit line of $700,000 thousand and interest rate of 1.31% for the year ended December 31, 2017; loan period from October 20, 2016 to October 20, 2018. Principal lump-sum payment at maturity and interest payment monthly. The Group paid it off ahead of time.	-	550,000
China Trust Bank		
Medium-term working capital loan with a credit line of $700,000 thousand and interest rate of 1.56% for the year ended December 31, 2017; loan period from April 10, 2017 to April 10, 2019. Principal lump-sum payment at maturity and interest payment monthly. The Group paid it off ahead of time.	-	150,000
China Trust Bank		
Medium-term working capital loan with a credit line of $700,000 thousand and interest rate of 1.56% for the year ended December 31, 2018; loan period from January 12, 2018 to January 10, 2020. Principal lump-sum payment at maturity and interest payment monthly.	400,000	-
Shanghai Commercial Savings Bank		
Medium-term working capital loan with a credit line of $300,000 thousand and interest rate of 1.62% for the years ended December 31, 2018 and 2017; loan period from July 25, 2016 to July 25, 2019. Principal and interest payment monthly. A grace period of two years is given.	91,667	150,000
Shanghai Commercial Savings Bank		
Medium-term working capital loan with a credit line of $300,000 thousand and interest rate of 1.37% for the year ended December 31, 2017; loan period from July 25, 2016 to July 15, 2019. Principal and interest payment monthly. A grace period of two years is given.	-	100,000
Shanghai Commercial Savings Bank		
Medium-term working capital loan with a credit line of $300,000 thousand and interest rate of 1.37% for the years ended December 31, 2018 and 2017; loan period from December 2, 2015 to November 15, 2018. Principal and interest payment monthly. A grace period of one year is given.	-	45,834

(Continued)

	December 31	
	2018	2017
Taiwan Cooperative Bank		
Medium-term working capital loan with a credit line of $350,000 thousand and interest rate of 1.50% for the year ended December 31, 2017; loan period from December 8, 2016 to December 8, 2019. From December 8, 2016 to December 8, 2018, interest payment monthly. From December 8, 2018 to December 8, 2019, principal and interest payment monthly.	$ -	$ 50,000
Taiwan Cooperative Bank		
Medium-term working capital loan with a credit line of $350,000 thousand and interest rate of 1.50% for the year ended December 31, 2018 and 2017; loan period from May 12, 2017 to December 8, 2019. From May 12, 2017 to December 7, 2018, interest payment monthly. From December 8, 2018 to December 8, 2019, principal and interest payment monthly.	100,000	150,000
E.Sun Bank		
Medium-term working capital loan with a credit line of $200,000 thousand and interest rate of 1.65% for the year ended December 31, 2017; loan period from May 12, 2017 to May 12, 2020. Repayable in four quarterly installments and interest payment monthly. A grace period of two years is given. The Group paid it off ahead of time.	-	100,000
	991,667	1,895,834
Less: Current portion	(191,667)	(695,834)
	$ 800,000	$ 1,200,000

(Concluded)

22. BONDS PAYABLE

	December 31	
	2018	2017
Unsecured domestic bonds	$ -	$ 105,900
Less: Discount on unsecured convertible bonds	-	(5,200)
Less: Current portion	-	(100,700)
	$ -	$ -

Second Issue of Unsecured Domestic Convertible Bonds

a. The conversion price is initially $71 per ordinary share, and the conversion period is from July 30, 2015 to June 29, 2020. The conversion price will be adjusted upon the occurrence of a change in the number of ordinary shares, and the conversion price is $56.72 per ordinary share as of December 31, 2017.

b. Each bondholder has the right to put the convertible bonds at 101% of par value or 101.51% of par value before 30 days on and after the 2nd and 3rd year anniversary, respectively.

c. The Group could redeem the convertible bonds at par value at any time during the period from 31 days after the original issue date to 40 days before the maturity date, under the following conditions: The closing price of the ordinary shares on each of the 30 consecutive trading days reaches or exceeds 30% of the conversion price, or the outstanding balance of the bonds is less than 10% of that from the original issuance.

The convertible bonds contain both liability and convertible options. The effective interest rate of the liability component was 2.058% per annum on initial recognition. The convertible options were recognized in financial assets or liabilities at FVTPL.

The convertible bonds contain both liability and equity components. The equity component was presented form the original issue date to December 31, 2017 under the following conditions:

	Amounts
Proceeds from issue, June 29, 2015 (less transaction costs $5,000 thousand)	$ 795,000
Equity component	(63,520)
Derivative component - redeemable put option	(8,960)
Liability component at the date of issue (less transaction costs allocated to the liability component of $5,000 thousand)	722,520
Interest charged at an effective interest rate of 2.058%	77,480
Repayment of bonds	(800,000)
Interest paid	-
Liability component at December 31, 2018	$ -

	The Host Liability Instrument	The Conversion Option Derivative Instrument
Balance at January 1, 2017	$ 745,238	$ (33,760)
Interest expense	8,731	-
Fair value changes gain (loss)	-	(3,648)
Payments for buy-back of bonds	(653,269)	34,983
Balance at December 31, 2017	$ 100,700	$ (2,425)
Balance at January 1, 2018	$ 100,700	$ (2,425)
Interest expense	1,041	-
Fair value changes gain (loss)	-	(1,017)
Repayment of bonds	(101,741)	3,442
Balance at December 31, 2018	$ -	$ -

23. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2018	2017
Notes payable to unrelated parties		
Operating	$ 258	$ 327
Non-operating	-	157
	$ 258	$ 484
Trade payables - operating		
Unrelated parties	$ 1,023,231	$ 969,939

Trade payables were paid according to the condition of contract or billings from the suppliers. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

24. OTHER LIABILITIES

	December 31	
	2018	2017
Current		
Other payables		
Salaries or bonuses	$ 139,313	$ 204,066
Payable for processing fees	135,265	148,456
Others	299,424	422,908
	$ 574,002	$ 775,430
Other liabilities		
Others	$ 1,956	$ 11,498
Non-current		
Guarantee deposits	$ 9,117	$ 7,566
Others	1,342	-
	$ 10,459	$ 7,566

25. PROVISIONS

	December 31	
	2018	2017
Employee benefits	$ 16,851	$ 16,261

The provision for employee benefits represents annual leave taken by employees.

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, a group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company of the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2018	**2017**
Present value of defined benefit obligation	$ 79,187	$ 77,572
Fair value of plan assets	(37,015)	(36,867)
Deficit	42,172	40,705
Net defined benefit liabilities	$ 42,172	$ 40,705

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2017	$ 68,007	$ (35,297)	$ 32,710
Current service cost	811	-	811
Net interest expense (income)	595	(314)	281
Recognized in profit or loss	1,406	(314)	1,092
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(34)	(34)
Actuarial gain - changes in financial assumptions	(1,711)	-	(1,711)
Actuarial loss - changes in demographic assumptions	2,948	-	2,948
Actuarial loss - experience adjustments	6,922	-	6,922
Recognized in other comprehensive income	8,159	(34)	8,125
Contributions from the employer	-	(1,222)	(1,222)
Benefits paid	-	-	-
Balance at December 31, 2017	$ 77,572	$ (36,867)	$ 40,705
Balance at January 1, 2018	$ 77,572	$ (36,867)	$ 40,705
Current service cost	866	-	866
Net interest expense (income)	873	(421)	452
Recognized in profit or loss	1,739	(421)	1,318
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,049)	(1,049)
Actuarial loss - changes in financial assumptions	885	-	885

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial loss - changes in demographic assumptions	$ 4,204	$ -	$ 4,204
Actuarial loss - experience adjustments	(2,705)	-	(2,705)
Recognized in other comprehensive income	2,384	(1,049)	1,335
Contributions from the employer	-	(1,186)	(1,186)
Benefits paid	(2,508)	2,508	-
Balance at December 31, 2018	$ 79,187	$ (37,015)	$ 42,172

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the (government/corporate) bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2018	2017
Discount rate(s)	1.000%	1.125%
Expected rate(s) of salary increase	2.000%	2.000%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would decrease/increase as follows:

	December 31	
	2018	2017
Discount rate(s)		
0.25% increase	$ (1,928)	$ (1,762)
0.25% decrease	$ 2,002	$ 1,826
Expected rate(s) of salary increase		
0.25% increase	$ 1,947	$ 1,777
0.25% decrease	$ (1,885)	$ (1,723)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2018	**2017**
Expected contributions to the plans for the next year	$ 1,117	$ 1,318
Average duration of the defined benefit obligation	9.9 years	9.2 years

27. EQUITY

a. Ordinary shares

	December 31	
	2018	**2017**
Number of shares authorized (in thousands)	150,000	150,000
Shares authorized	$ 1,500,000	$ 1,500,000
Number of shares issued and fully paid (in thousands)	121,662	121,662
Shares issued	$ 1,216,622	$ 1,216,622

Fully paid ordinary shares, which have a par value of $10, carry one vote and one dividend per share.

There were 12,000 thousand shares of the Company's shares authorized which were reserved for the issuance of employee share options.

b. Capital surplus

	December 31	
	2018	**2017**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	$ 1,838,650	$ 1,935,980
Conversion of bonds	496,427	496,427
Conversion of employee share options	133,054	133,054
May be used to offset a deficit only		
Share of changes in capital surplus of associates	68,616	68,616
May not be used for any purpose		
Employee share options - issuance of ordinary shares	6,300	6,300
Employee share options	58,124	58,124
From share options of convertible bonds	-	8,408
Invalidation of employee share options	48,414	42,322
	$ 2,649,585	$ 2,749,231

Note: Such capital surplus may be used to offset a deficit; in addition when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 6, 2016 and, in that meeting, resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on the distribution of employees' compensation.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to "employees' compensation and remuneration of directors and supervisors" in Note 29-f.

To ensure that the Company has funds for its present and future expansion plans, the Company prefers to distribute mixed share dividends and cash dividends as shareholders' bonus among which share dividend is distributed from 0% to 50% and cash dividends from 100% to 50%. The distribution policy would be adjusted depending on the operating conditions, industry developments, capital requirement and so forth.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from special reserve by the Company.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2017 and 2016 approved in the shareholders' meetings on June 11, 2018 and June 2, 2017, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For 2017	**For 2016**	**For 2017**	**For 2016**
Reversal of special reserve	$ 193,006	$ 28,722	$ -	$ -

The Company's shareholders also resolved to issue cash dividends from capital surplus of $97,300 thousand, in the shareholders' meeting on June 11, 2018.

The appropriation of earnings for 2018 was proposed by the Company's board of directors on March 14, 2019. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 132,524	$ -

The appropriation of earnings for 2018 are subject to resolution in the shareholders' meeting to be held on June 6, 2019.

d. Special reserves

	For the Year Ended December 31	
	2018	2017
Beginning at January 1	$ 28,722	$ -
Appropriation in respect of:		
Debit to other equity items	193,006	28,722
Balance at December 31	$ 221,728	$ 28,722

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (232,334)	$ (41,653)
Effect of change in tax rate	8,393	-
Recognized for the year		
Exchange differences on translating foreign operations	(158,273)	(229,738)
Income tax related to gains on translating foreign operations	31,680	39,057
Balance at December 31	$ (350,534)	$ (232,334)

2) Unrealized gain (loss) on available-for-sale financial assets

Balance at January 1, 2017	$ 12,931
Unrealized (loss) gain on revaluation of available-for-sale financial assets	(2,325)
Balance at December 31, 2017	$ 10,606
Balance at January 1, 2018 per IAS 39	$ 10,606
Adjustment on initial application of IFRS 9	(10,606)
Balance at January 1, 2018 per IFRS 9	$ -

3) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	(5,083)
Balance at January 1 per IFRS 9	(5,083)
Recognized for the year	
Unrealized gain (loss) - equity instruments	24,561
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(23,196)
Balance at December 31	$ (3,718)

f. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ 173,952	$ 149,671
Attributable to non-controlling interests:		
Share of loss for the year	(52,556)	(36,195)
Exchange differences on translating foreign operations	(1,321)	(2,945)
Changes in equity of subsidiaries	-	7,945
Non-controlling interest increases	(15,960)	55,476
Balance at December 31	$ 104,115	$ 173,952

g. Treasury shares

Purpose of Buy-Back	Shares Cancelled (In Thousands of Shares)
Number of shares at January 1, 2017	2,547
Increase during the year	942
Decrease during the year	(3,489)
Number of shares at December 31, 2017	-

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

28. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Plastic components	$ 5,232,910	$ 5,252,119
Molds	140,779	527,595
Others	348,060	244,378
Less: Discontinued operations	(221,769)	(537,402)
	$ 5,499,980	$ 5,486,690

Contact Balances

	December 31, 2018
Trade receivables	$ 1,514,329
Trade receivables from related parties	$ 64,626
Contract liabilities	
Receipts in advance	$ 44,254

For contract revenue from clients for the year ended December 31, 2018, a contract liability of $12,419 thousand was reclassified as revenue.

29. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations contains the following items:

a. Other revenue and expenses

	For the Year Ended December 31	
	2018	2017
Lease revenue	$ 27,222	$ 26,401
Lease costs	(5,739)	(11,569)
Technical service income	12,832	12,670
Other revenue	-	2,292
Gain on disposal of property plant and equipment	63,800	6,856
Loss on disposal of property plant and equipment	(5,081)	(3,598)
Less: Discontinued operations (Note 14)	(59,018)	(18,900)
	$ 34,016	$ 14,152

b. Other income

	For the Year Ended December 31	
	2018	2017
Interest income	$ 9,013	$ 10,285
Dividends	184	178
Less: Discontinued operations (Note 14)	(737)	(679)
	$ 8,460	$ 9,784

c. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain on disposal of investments	$ 125,067	$ 17,542
Miscellaneous income	68,643	44,423
Net foreign exchange gains or losses	14,662	(107,586)
Fair value changes of financial assets mandatorily classified as at FVTPL	8,319	(3,648)
Loss on impairment	(172,003)	(7,469)
Other expenses	(40,629)	(6,500)
Less: Discontinued operations (Note 14)	2,709	6,878
	$ 6,768	$ (56,360)

d. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	$ 28,052	$ 26,594
Interest on convertible bonds	1,041	8,731
Other finance costs	3,848	1,564
Less: Discontinued operations (Note 14)	(2)	-
	$ 32,939	$ 36,889

e. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 625,447	$ 708,638
Less: Discontinued operations (Note 14)	(28,558)	(31,177)
	$ 596,889	$ 677,461
Intangible assets	$ 18,386	$ 17,643
Less: Discontinued operations (Note 14)	(1,998)	(705)
	$ 16,388	$ 16,938
An analysis of depreciation by function		
Operating costs	$ 515,397	$ 609,919
Less: Discontinued operations (Note 14)	(12,521)	(23,431)
	$ 502,876	$ 586,488
Operating expenses	$ 110,050	$ 98,719
Less: Discontinued operations (Note 14)	(16,037)	(7,746)
	$ 94,013	$ 90,973

(Continued)

	For the Year Ended December 31	
	2018	2017
An analysis of amortization by function		
Operating costs	$ 2,354	$ 1,337
Less: Discontinued operations (Note 14)	-	(148)
	$ 2,354	$ 1,189
Operating expenses	$ 16,032	$ 16,306
Less: Discontinued operations (Note 14)	(1,998)	(557)
	$ 14,034	$ 15,749

(Concluded)

The Group entered into lease agreements on some assets. The related depreciation expenses that were listed in other income and expenses were $5,739 thousand in 2018 and $11,569 thousand in 2017.

f. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Short-term benefits	$ 1,570,510	$ 1,820,220
Post-employment benefits		
Defined contribution plans	7,333	9,682
Defined benefit plans	1,318	1,092
Less: Discontinued operations	(162,534)	(203,252)
	$ 1,416,627	$ 1,627,742
An analysis of employee benefits expense by function		
Operating costs	$ 1,183,549	$ 1,460,060
Less: Discontinued operations	(71,464)	(182,578)
	$ 1,112,085	$ 1,277,482
Operating expenses	$ 395,612	$ 370,934
Less: Discontinued operations	(91,070)	(20,674)
	$ 304,542	$ 350,260

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates of between 3% and 12% and no higher than 3%, respectively, of net profit before income tax, employees' compensation and remuneration of directors and supervisors.

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2017.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

30. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense (benefit) recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2018	**2017**
Current tax		
In respect of the current year	$ 21,382	$ 64,795
Adjustments for prior years' tax	7,585	(1,437)
Deferred tax		
In respect of the current year	(44,624)	(158,192)
Adjustments to deferred tax attributable to changes in tax rates and laws	19,395	-
Less: Discontinued operations	(4)	472
Income tax (benefit) expense recognized in profit or loss	$ 3,734	$ (94,362)

A reconciliation of accounting income and current income tax (benefit) expense is as follows:

	For the Year Ended December 31	
	2018	**2017**
Loss before income tax	$ (704,800)	$ (504,746)
Income tax (benefit) expense at the statutory rate	$ (431,300)	$ (308,259)
Tax effect of adjusting items:		
Nondeductible expenses and losses	2,309	534
Tax-exempt income	(128)	(3,539)
Unrecognized loss carryforwards/deductible temporary differences	405,873	218,339
Adjustments to deferred tax attributable to changes in tax rates and laws	19,395	-
Adjustments for prior years' tax	7,585	(1,437)
Income tax (benefit) expense recognized in profit or loss	$ 3,734	$ (94,362)

The applicable corporate income tax rate used by Group in the ROC is 17%, while the applicable tax rate used by subsidiaries in China is 25%.

In February 2018, it was announced that the Income Tax Act in the ROC was amended, and starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and increase by $11,343 thousand and $22,101 thousand, respectively, in 2018.

As the status of the 2018 appropriation of earnings is uncertain, the potential income tax consequences of the 2017 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Deferred tax		
In respect of the current year:		
Adjustments to deferred tax attributable to changes in tax rates and laws	$ (9,225)	$ -
Translation of foreign operations	(31,680)	(39,057)
Actuarial gains and losses on defined benefit plan	(267)	(1,381)
Total income tax recognized in other comprehensive income	$ (41,172)	$ (40,438)

c. Current tax assets and liabilities

	December 31	
	2018	2017
Current tax assets - income tax payable		
Tax refund receivable	$ 22,447	$ -
Current tax liabilities - income tax payable		
Income tax payable	$ 8,619	$ 47,417

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 19,764	$ (13,684)	$ -	$ (90)	$ 5,990
Intangible assets	22	(23)	-	1	-
Defined benefit obligation	6,920	415	1,099	-	8,434
Allowance for impaired receivables	12,017	(5,804)	-	6	6,219
Write-down of inventories	43,934	(33,026)	-	(81)	10,827
Impairment loss	5,980	1,054	-	(5)	7,029
Loss carryforwards	60,020	(60,091)	-	71	-
Unrealized gain or loss investments in associates and joint ventures accounted for using the equity method	-	1,744	-	(32)	1,712
Exchange differences on translating foreign operations	47,589	-	40,073	(27)	87,635
Others	11,075	10,623	-	5	21,703
	$ 207,321	$ (98,792)	$ 41,172	$ (152)	$ 149,549

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax liabilities					
Temporary differences					
Unrealized gain or loss investments in associates and joint ventures accounted for using the equity method	$ 125,067	$ (125,067)	$ -	$ -	$ -
Exchange differences on translating foreign operations	-	-	-	-	-
Others	15,217	1,046	-	(284)	15,979
	$ 140,284	$ (124,021)	$ -	$ (284)	$ 15,979

(Concluded)

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Property, plant and equipment	$ 18,042	$ 2,066	$ -	$ (344)	$ 19,764
Intangible assets	120	(93)	-	(5)	22
Defined benefit obligation	5,561	(22)	1,381	-	6,920
Allowance for impaired receivables	6,275	5,719	-	23	12,017
Write-down of inventories	37,803	6,788	-	(657)	43,934
Impairment loss	6,066	(91)	-	5	5,980
Loss carryforwards	66,041	(4,627)	-	(1,394)	60,020
Exchange differences on translating foreign operations	8,714	-	38,875	-	47,589
Others	15,881	(4,731)	-	(75)	11,075
	$ 164,503	$ 5,009	$ 40,256	$ (2,447)	$ 207,321
Deferred tax liabilities					
Temporary differences					
Unrealized gain or loss investments in associates and joint ventures accounted for using the equity method	$ 275,727	$ (150,660)	$ -	$ -	$ 125,067
Exchange differences on translating foreign operations	182	-	(182)	-	-
Others	18,101	(2,523)	-	(361)	15,217
	$ 294,010	$ (153,183)	$ (182)	$ (361)	$ 140,284

e. Deductible temporary differences, unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31 2018	December 31 2017
Loss carryforwards		
Expire in 2016 to 2028	$ 419,883	$ 913,942
Deductible temporary differences	$ 746,407	$ 521,883

f. Income tax assessments

The income tax returns of the Company, Soartek Optoelectronics Technology Co., Ltd. and Shuang-Ying Science and Technology, Ltd. through 2016 had been assessed by the tax authorities.

31. EARNINGS (LOSSES) PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	2017
Basic loss per share		
From continuing operations	$ (5.39)	$ (3.07)
From discontinued operations	(1.50)	(0.18)
Total basic earnings per share	$ (6.89)	$ (3.25)
Diluted loss per share		
From continuing operations	$ (5.39)	$ (3.07)
From discontinued operations	(1.50)	(0.18)
Total diluted earnings per share	$ (6.89)	$ (3.25)

The earnings (losses) and weighted average number of ordinary shares outstanding in the computation of earnings (losses) per share were as follows:

Net Loss for the Year

	For the Year Ended December 31	
	2018	2017
Losses used in the computation of basic earnings (losses) per share	$ (837,986)	$ (395,810)
Less: Losses for the year from discontinued operation used in the computation of basic earnings per share from discontinued operations	(182,008)	(21,621)
Losses used in the computation of basic earnings (losses) per share	$ (655,978)	$ (374,189)
Losses used in the computation of diluted earnings (losses) per share	$ (655,978)	$ (374,189)

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares in the computation of basic earnings (losses) per share	121,662	121,741
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Weighted average number of ordinary shares used in the computation of diluted earnings (losses) per share	121,662	121,741

If the outstanding convertible bonds issued by the Company were converted to ordinary shares, since the exercise price of the options or warrants issued by the Company exceeded the average market price of the shares during 2018 and 2017, they were anti-dilutive and excluded from the computation of diluted earnings (losses) per share.

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings (losses) per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings (losses) per share until the number of shares to be distributed to employees is resolved in the following year.

32. DISPOSAL OF SUBSIDIARIES

On December 25, 2015 and March 19, 2018, the Group entered into an agreement to end of the operation of Vastech Plastic (Shanghai) Industrial Co., Ltd., Ltd., Vastech Industrial Co., Ltd., and Hsiangtek Optical Technology Co., Ltd., respectively. The liquidation was completed on April 19, 2018, June 21, 2018 and May 28, 2018, and all the relevant shares were retired.

a. Consideration received from disposals

	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Vastech Industrial Co., Ltd.	Hsiangtek Optical Technology Co.
Consideration received in cash and cash equivalents	$ 94,656	$103,692	$ 14,820

b. Analysis of assets and liabilities on the date control was lost

	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Vastech Industrial Co., Ltd.	Hsiangtek Optical Technology Co.
Net assets disposed of			
Cash and cash equivalents	$ 94,656	$ 103,692	$ 14,820

c. Gain or loss on disposals of subsidiaries

	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Vastech Industrial Co., Ltd.	Hsiangtek Optical Technology Co.
Consideration received	$ 94,656	$ 103,692	$ 14,820
Net assets disposed of	(94,656)	(103,692)	(14,820)
Non-controlling interests			
Exchange differences on subsidiaries disposed of reclassified to profit or loss	40,135	-	(80)
Gain or loss on disposals	$ 40,135	$ -	$ (80)

The gain or loss on disposal is included in the gain or loss on disposal of subsidiaries.

d. Net cash inflow on disposals of subsidiaries

	Vastech Plastic (Shanghai) Industrial Co., Ltd.	Vastech Industrial Co., Ltd.	Hsiangtek Optical Technology Co.
Consideration received in cash and cash equivalents	$ 94,656	$ 103,692	$ 14,820
Less: Cash and cash equivalent balances disposed of	(94,656)	(103,692)	(14,820)
	$ -	$ -	$ -

33. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On December 21, 2016, the board of directors of the Company approved to issue additional ordinary shares in the amount of US$6,200 thousand of Plenty Link Technology Co., Ltd., and the ordinary shares of Plenty Link Technology Co., Ltd. total US$18,000 thousand. In addition, the proportion of ownership and voting rights in Plenty Link Technology Co., Ltd. held by the Company increased to 65%.

The above transactions were accounted for as equity transaction since the Company did not cease to have control over Plenty Link Technology Co., Ltd.

	Plenty Link Technology Co., Ltd.
Cash consideration paid	$ (191,084)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	183,139
Difference arising from equity transactions	$ (7,945)
Line items adjusted for equity transactions	
Difference arising from equity transactions	
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ (7,945)

34. NON-CASH TRANSACTIONS

As of December 31, 2018 and 2017, the Group reclassified long-term borrowings and bonds payable of $191,667 thousand and $796,534 thousand, respectively, under current portion of long-term borrowings.

35. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

a. Rental agreements

Lessee	Lesser	Objection	Period and Method of Payment
Sinxon Plastic (Dong Guan) Ltd.	Lan Zhi-Hsing	Building	From December 1, 2015 to November 30, 2023, rental is RMB203 thousand every month.
Sinxon Plastic (Dong Guan) Ltd.	Sun Pei-Fan	Dormitory	From October 1, 2017 to May 31, 2019, rental is RMB226 thousand every month.
Sinxon Plastic (Dong Guan) Ltd.	Sun Pei-Fan	Plant and dormitory	From April 1, 2017 to March 31, 2022, rental is RMB561 thousand every month.
Sinxon Plastic (Dong Guan) Ltd.	Sun Jung-Yuan	Plant and dormitory	From April 1, 2017 to March 31, 2022, rental is RMB297 thousand every month.
Sinxon Plastic (Dong Guan) Ltd.	Tan Yi-Ling	Plant and dormitory	From April 1, 2018 to March 31, 2023, rental is RMB948 thousand every month.
Dongguan Shuang-Ying Photoelectric technology Co, Ltd.	Tan Yi-Ling	Plant and dormitory	From February 1, 2018 to March 31, 2022, rental is RMB111 thousand every month.
Don Guan Cheng Da Metal Product Co., Limited	Tan Yi-Ling	Plant and dormitory	From April 1, 2017 to March 31, 2022, rental is RMB387 thousand every month.
Don Guan Cheng Da Metal Product Co., Limited	Don Guan Jin Chuang Electrical Appliance Trading Co., Ltd.	Plant and dormitory	From April 1, 2018 to March 31, 2023, rental is RMB515 thousand every month.
Dongguan Chensong Plastic Co., Ltd.	Sun Yu-Hao	Plant and dormitory	From January 1, 2017 to December 31, 2023 rental is RMB707 thousand every month.

b. The future minimum lease payments of non-cancellable operating leases are as follows:

	December 31	
	2018	**2017**
Not later than 1 year	$ 177,696	$ 191,043
Later than 1 year and not later than 5 years	508,644	592,714
	$ 686,340	$ 783,757

36. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group adopts prudent risk management strategy and performs audit on a regular basis. The capital structure of the Group is determined according to the business development strategies and operational requirements.

37. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

1) Financial assets and liabilities not measured at fair value that differences between carrying amounts and fair values were as follows:

	December 31			
	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets measured at amortized cost - non-current	$ -	$ -	$ 101,398	$ -
Financial liabilities				
Financial liabilities measured at amortized cost - convertible bonds	-	-	100,700	109,607

2) Fair value hierarchy

December 31, 2018: None.

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortized cost				
Convertible bonds	$ 109,607	$ -	$ -	$ 109,607

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Invest in equity instruments at FVTOCI				
Unlisted shares	$ -	$ -	$ 256,821	$ 256,821

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 19,780	$ -	$ -	$ 19,780
Financial liabilities at FVTPL				
Other	-	-	2,425	2,425

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2018

	Financial Liabilities at Fair Value Through Profit or Loss
Balance at January 1, 2018	$ (2,425)
Recognized in profit or loss	(1,017)
Repayment of bonds	3,442
Balance at December 31, 2018	$ -

For the year ended December 31, 2017

	Financial Liabilities at Fair Value Through Profit or Loss
Balance at January 1, 2017	$ (33,760)
Recognized in profit or loss	(3,648)
Repayment of bonds	34,983
Balance at December 31, 2017	$ (2,425)

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

Derivatives: The right of redemption and put are estimated fair value by convertible bonds with binomial tree method using price volatility (significant unobservable inputs). When the increase in price volatility, the fair value of these derivatives would increase.

c. Categories of financial instruments

	December 31	
	2018	**2017**
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as a FVTPL	$ 85,031	$ -
Loans and receivables (1)	-	4,666,098
Available-for-sale financial assets		
Available-for-sale financial assets - current	-	19,780
Financial assets measured at cost - non-current	-	101,398
<u>Financial assets</u>		
Financial assets at amortized cost (2)	2,989,762	-
Financial assets at FVTOCI		
Equity instruments - current	201,879	-
Equity instruments - non-current	54,942	-
<u>Financial liabilities</u>		
FVTPL		
Others	-	2,425
Financial liabilities at amortized cost (3)	2,609,820	3,789,865

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, trade and other receivables and other financial assets.

Note 2: The balances included financial assets at amortized cost, which comprise cash and cash equivalents, trade and other receivables, and financial assets at amortized cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes payable, trade and other payables, payables on equipment and bonds payable issued.

d. Financial risk management objectives and policies

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group’s policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

The Group’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Foreign currency risk

The Group use foreign exchange forward contracts to eliminate currency exposure in foreign currency risk. The change of rate eliminated by the profit and loss of the terms of the hedge derivatives so the market price risk is not martial.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (i.e. the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be a decrease of $8,083 thousand and $13,135 thousand for the years ended December 31, 2018 and 2017, respectively, in post-tax income.

b) Interest rate risk

The Group was exposed to fair value interest rate risk in relation to fixed-rate bank borrowings. The bonds payable are fixed-rate and measured at amortized cost, so changes in rate will not have effect on the cash flow in the future.

The sensitivity analysis assumed bank borrowings were held for the whole reporting period and there was a 1% change in rates; it would result in a decrease of $7,933 thousand and $15,735 thousand for the years ended December 31, 2018 and 2017, respectively, in post-tax income.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group manages this exposure by maintaining a portfolio of investments with different risks.

The sensitivity analysis assumed the listed equity securities were outstanding for the whole reporting period and there was a 5% change in price; it would result in a decrease of $12,841 thousand and $989 thousand for the years ended December 31, 2018 and 2017, respectively, in comprehensive income.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the ended December 31, 2018 and 2017, the unused bank borrowings are $958,333 thousand and $814,167 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2018

	Up to 1 Year	Later Than 1 Year and Up to 2 Years	Later Than 2 Years and Up to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities					
Notes payable	$ 258	$ -	$ -	$ -	$ 258
Trade payables	1,023,331	-	-	-	1,023,331
Payables on equipment	20,662	-	-	-	20,662
Other payables	574,002	-	-	-	574,002
Current tax liabilities	8,619	-	-	-	8,619
Current portion of long-term borrowings and bonds payable	191,667	-	-	-	191,667
Long-term borrowings	-	800,000	-	-	800,000

December 31, 2017

	Up to 1 Year	Later Than 1 Year and Up to 2 Years	Later Than 2 Years and Up to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities					
Notes payable	$ 484	$ -	$ -	$ -	$ 484
Trade payables	969,939	-	-	-	969,939
Payables on equipment	47,478	-	-	-	47,478
Other payables	775,202	-	-	-	775,202
Other payables to related parties	228	-	-	-	228
Current tax liabilities	47,417	-	-	-	47,417
Current portion of long-term borrowings and bonds payable	796,534	-	-	-	796,534
Long-term borrowings	-	1,177,778	22,222	-	1,200,000

38. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Categories
Toyo Precision Appliance (Kunshan) Co., Ltd.	Associates - equity-method investments
Changshu Houkennixx Plastic Product Co., Ltd.	Associates - equity-method investments
Siix Coxon Precision Phils., Inc.	Associates - equity-method investments
Guangdong Tonly Precision Structure Co., Ltd.	Associates - equity-method investments
Tonly Electronic (Huizhou) Co., Ltd.	Others - the parent of Guangdong Tongli Precision Structure Co., Ltd.
Quanta Computer Inc.	Other - the third joint venture party of Plenty Link Technology Co., Ltd.

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31 2018	2017
Sales	Associates		
	Changshu Houkennixx Plastic Product Co., Ltd.	$ 12,959	$ 12,675
	Siix Coxon Precision Phils., Inc.	1,355	10,356
	Toyo Precision Appliance (Kunshan) Co., Ltd.	-	1,149
	Guangdong Tonly Precision Structure Co., Ltd.	8,728	-
	Others		
	Quanta Computer Inc.	1,845	-
	Tonly Electronic (Huizhou) Co., Ltd.	234,274	-
		$ 259,161	$ 24,180

c. Receivable from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2018	2017
Trade receivables	Associates		
	Siix Coxon Precision Phils., Inc.	$ 38	$ 298
	Toyo Precision Appliance (Kunshan) Co., Ltd.	222	-
	Others		
	Quanta Computer Inc.	173	-
	Tonly Electronic (Huizhou) Co., Ltd.	64,193	-
		$ 64,626	$ 298

(Continued)

Line Item	Related Party Category/Name	December 31 2018	2017
Other receivables	Associates		
	Toyo Precision Appliance (Kunshan) Co., Ltd.	$ -	$ 24,748
	Changshu Houkennixx Plastic Product Co., Ltd.	5,402	6,312
	Guangdong Tonly Precision Structure Co., Ltd.	19,194	-
	Siix Coxon Precision Phils., Inc.	-	849
	Others		
	Tonly Electronic (Huizhou) Co., Ltd.	342	-
		$ 24,938	$ 31,909

(Concluded)

For the years ended December 31, 2018 and 2017, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2018	2017
Other revenue	Associates		
	Toyo Precision Appliance (Kunshan) Co., Ltd.	$ 648	$ -
	Siix Coxon Precision Phils., Inc.	2,804	2,409
	Changshu Houkennixx Plastic Product Co., Ltd.	-	1,143
		$ 3,452	$ 3,552
Processing income	Associates		
	Siix Coxon Precision Phils., Inc.	$ 67	$ -
Other income	Associates		
	Guangdong Tonly Precision Structure Co., Ltd.	$ 266	$ -
Profit or loss of discontinued operations	Others		
	Quanta Computer Inc.	$ 1,479	$ -

Line Item	Related Party Category/Name	December 31 2018	2017
Contract liabilities	Associates		
	Siix Coxon Precision Phils., Inc.	$ 1,677	$ -
Receipts in advance	Associates		
	Toyo Precision Appliance (Kunshan) Co., Ltd.	$ -	$ 1,362
	Siix Coxon Precision Phils., Inc.	-	402
		$ -	$ 1,764
Other current liabilities	Associates		
	Siix Coxon Precision Phils., Inc.	$ -	$ 1,486
Other non-current liability - guarantee deposit received	Associates		
	Guangdong Tonly Precision Structure Co., Ltd.	$ 2,954	$ -
Liability directly associated with non-current assets held for sale	Others		
	Quanta Computer Inc.	$ 692	$ -

e. Rent revenue

Related Party Category/Name	Rental Object	Rental Payment	For the Year Ended December 31 2018	2017
Associates - Changshu Houkennixx Plastic Product Co., Ltd.	Jiangsu Province Southeast Economic Development Zone 28 Jiulong Road	Plant and dormitory rental paid monthly	$ 7,696	$ 6,795
Associates - Guangdong Tonly Precision Structure Co., Ltd.	Block C, West No. 3, South Central South Road, Shangsha Haibin District, Chang’an Town, Dongguan City		1,854	-
			$ 9,550	$ 6,795

f. Disposal of property, plant and equipment

	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Related Party Category/Name	**2018**	**2017**	**2018**	**2017**
Associates				
Toyo Precision Appliance (Kunshan) Co., Ltd.	$ 4,528	$ -	$ 399	$ -
Others				
Tonly Electronic (Huizhou) Co., Ltd.	$ 2,720	$ -	$ 214	$ -

g. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2018 and 2017 were as follows:

	For the Year Ended December 31	
	2018	**2017**
Short-term benefits	$ 45,394	$ 45,869
Post-employment benefits	1,323	1,539
	$ 46,717	$ 47,408

The remuneration of directors and key executives was determined by the remuneration committee with regard to the performance of individuals and market trends.

h. Refer to Note 33 for the transaction that the Group increased the capital of Plenty Link Technology Co., Ltd. by cash in 2017.

39. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees or the deposit for court guarantees:

	December 31	
	2018	**2017**
Financial assets at amortized cost	$ 72,464	$ -
Property, plant and equipment - land	79,244	79,244
Property, plant and equipment - buildings	39,061	40,294
Prepaid lease payments	13,694	14,968
Other financial assets - current	-	177,949
	$ 204,463	$ 312,455

40. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Due to the consideration of asset activation by the surviving company of the Group, on November 14, 2018, the Company's board of directors resolved to dispose of Teckyork Enterprise Co., Ltd. The surviving company signed an equity transfer agreement with Magical Fountain Limited on March 14, 2019 with reference to the other accountant's Opinion on Rationality of Equity Price and the American Appraisal Co., Ltd.'s Consolidated Report on the Value of Net Assets in order for Magical Fountain Limited to acquire Teckyork Enterprise Co. of the Group at US$26,106 thousand (tentatively).

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2017 were as follows:

a. Dong Guan Cheng Da Metal Product Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $3,534 thousand, of which $3,021 thousand has been paid and recorded under prepayments for equipment.

b. Coxon Industry (Changshu) Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $15,017 thousand, of which $7,367 thousand has been paid and recorded under prepayments for equipment.

c. Sinxon Plastic (Dong Guan) Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $38,502 thousand, of which $31,291 thousand has been paid and recorded under prepayments for equipment.

d. Dong Guan Chensong Plastic Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $9,871 thousand, of which $8,453 thousand has been paid and recorded under prepayments for equipment.

e. Dongguan Shuang-Ying Photoelectric Technology Co., Ltd. had commitments to buy machinery and equipment and to comply with repair construction contracts which amounted to $35,685 thousand, of which $31,151 thousand has been paid and recorded under prepayments for equipment.

f. Coxon Precise Industrial Co., Ltd. had commitments to buy machinery and equipment to comply with repair construction contracts which amounted to $549 thousand, of which $549 thousand has been paid and recorded under prepayments for equipment.

g. The digital camera lawsuit between JCD Corporation (hereinafter referred to as "JCD") and the Company is summarized as below.

    1) Lawsuit matters: JCD applied to the Japan Commercial Arbitration Association for a tort arbitration in relation to its forbidding of the Company from producing and selling the digital camera lens designed by JCD as well as its demand for payment of US$2,662 thousand, JPY635 thousand and RMB393 thousand as compensation in 2010.

    2) Lawsuit status up to report date: According to the verdict of the Japan Commercial Arbitration Association, Tokyo No. 10-11 is summarized as below.

        a) The Company (the defendant) should pay JCD US$1,441 thousand, JPY1,270 thousand and the related accrued interests accrued from November 24, 2010 up to the date on which the total compensation is made using a 6% annual interest rate.

        b) The Company cannot manufacture and sell the suspended category of digital camera zooms.

c) The company shall pay the petitioner a litigation fee of JPY1,562 thousand.

In accordance with the Japanese arbitration judgment and the Taiwan Taoyuan District Court's recognized ruling, JCD filed a claim to the company for an enforcement amount, including 43,901 thousand compensation for creditor's rights, a 6% annual interest rate from November 24, 2010 to the settlement date and an execution fee of 351 thousand. The company requested the Taiwan Taoyuan District Court to suspend the enforcement process and obtained the approval, and provided a 13,400 thousand bearer negotiable certificate of deposit as a guarantee (accounted for under "financial assets measured at amortized cost - current" on December 31, 2018). The enforcement procedure has been temporarily suspended.

As of December 31, 2018, the Company filed a debtor's objection against JCD and requested the court to adjudicate the cancellation of the aforementioned enforcement procedure and confirmed that JCD's claim against the Company regarding the aforementioned Japanese arbitration judgment did not exist. On March 4, 2019, the Supreme Court confirmed that the Company lost the case, and the Company estimated that the relevant compensation and additional interest amounted to $65,361 thousand, which is classified as other payables.

42. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 17,068	6.86 (USD:RMB)	$ 524,259
USD	32,886	30.72 (USD:NTD)	1,010,090
EUR	11	1.15 (EUR:USD)	387
EUR	3	35.20 (EUR:NTD)	118
JPY	30	0.06 (JPY:RMB)	8
JPY	49,744	0.01 (JPY:USD)	13,839
JPY	20,198	0.28 (JPY:NTD)	5,619
HKD	13	0.88 (HKD:RMB)	51
HKD	599	0.13 (HKD:USD)	2,348
HKD	2,733	3.92 (HKD:NTD)	10,714
RMB	5,377	0.15 (RMB:USD)	24,048
RMB	29	4.47 (RMB:NTD)	130
CHF	1	1.02 (CHF:USD)	11
			$ 1,591,622

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using equity method			
RMB	$ 4,472	0.15 (RMB:USD)	$ 20,005
USD	300	30.72 (USD:NTD)	9,209
			$ 29,214
Financial liabilities			
Monetary items			
USD	6,931	6.86 (USD:RMB)	$ 212,898
USD	11,371	30.72 (USD:NTD)	349,261
EUR	12	7.87 (EUR:RMB)	424
JPY	7,044	0.06 (JPY:RMB)	1,960
JPY	50,570	0.01 (JPY:USD)	14,069
HKD	252	0.88 (HKD:RMB)	988
HKD	34	0.13 (HKD:USD)	135
RMB	276	0.15 (RMB:USD)	1,233
RMB	76	4.47 (RMB:NTD)	338
			$ 581,306

(Concluded)

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 54,281	6.53 (USD:RMB)	$ 1,615,415
USD	36,504	29.76 (USD:NTD)	1,086,348
EUR	2	7.81 (EUR:RMB)	56
EUR	14	1.20 (EUR:USD)	501
EUR	2	35.57 (EUR:NTD)	85
JPY	234	0.06 (JPY:RMB)	62
JPY	103,474	0.01 (JPY:USD)	27,338
JPY	1,533	0.26 (JPY:NTD)	405
HKD	3,396	0.84 (HKD:RMB)	12,927
HKD	6,084	0.13 (HKD:USD)	23,161
HKD	13,055	3.81 (HKD:NTD)	49,701
RMB	29	4.57 (RMB:NTD)	133
RMB	13,872	0.15 (RMB:USD)	63,324
CHF	8	0.98 (CHF:USD)	234
			$ 2,879,690

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Investments accounted for using equity method			
RMB	$ 68,032	0.15 (RMB:USD)	$ 310,908
USD	444	29.76 (USD:NTD)	13,225
			$ 324,133
Financial liabilities			
Monetary items			
USD	10,207	6.53 (USD:RMB)	$ 303,748
USD	31,169	29.76 (USD:NTD)	927,576
EUR	7	7.81 (EUR:RMB)	235
JPY	9,563	0.06 (JPY:RMB)	2,526
JPY	93,400	0.01 (JPY:USD)	24,676
JPY	1,335	0.26 (JPY:NTD)	353
HKD	2,241	0.84 (HKD:RMB)	8,530
HKD	3,434	0.13 (HKD:USD)	13,075
HKD	2,100	3.81 (HKD:NTD)	7,994
RMB	1,740	0.15 (RMB:USD)	7,942
RMB	103	4.57 (RMB:NTD)	471
			$ 1,297,126

(Concluded)

For the years ended December 31, 2018 and 2017, (realized and unrealized) net foreign exchange loss and gains were $14,662 thousand and $107,586 thousand, respectively. It is impractical to disclose net foreign exchange gain or losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

43. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: (Table 1)

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: (Table 3)

8)Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: (Table 4)

9) Trading in derivative instruments: (Notes 7, 22 and 37)

10) Intercompany relationships and significant intercompany transactions: (Table 7)

11) Information on investees: (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 6):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

44. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Taiwan and South China
- South China (the chief operating range are domestic sales)
- Shanghai
- Changshu
- Others

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Year Ended December 31, 2018						
	Taiwan and South China	South China	Shanghai	Changshu	Others	Adjustments and Elimination	Total
Segment revenue and results							
Revenue from external customers	$ 2,183,518	$ 2,311,913	$ 9,548	$ 921,334	$ 73,667	$ -	$ 5,499,980
Inter-segment revenue	1,818,239	1,852,098	6,852	38,280	58,616	(3,774,085)	-
Segment revenue	$ 4,001,757	$ 4,164,011	$ 16,400	$ 959,614	$ 132,283	$ (3,774,085)	$ 5,499,980
Segment income	$ (160,285)	$ (607,535)	$ 6,406	$ (7,864)	$ 16,502	$ 75,133	$ (677,643)
Interest income							8,276
Other income							194,492
Finance costs							(32,939)
Other expense and loss							(196,986)
Income from continuing operations before income tax							$ (704,800)
Segment assets							
Assets	$ 3,007,013	$ 2,786,152	$ 15,897	$ 1,892,248	$ 254,492	$ (2,046,696)	$ 5,909,106
Non-current assets held for sale							538,154
Investments							371,066
Current tax assets							22,447
Deferred tax assets							149,549
Total assets							$ 6,990,322
Depreciation and amortization	$ 130,597	$ 401,334	$ 36,316	$ 75,840	$ 5,485		$ 649,572
Acquisition of property, plant and equipment	$ 15,195	$ 57,553	$ 24,659	$ 33,052	$ 2,227		$ 132,686

	For the Year Ended December 31, 2017						
	Taiwan and South China	South China	Shanghai	Changshu	Others	Adjustments and Elimination	Total
Segment revenue and results							
Revenue from external customers	$ 2,968,833	$ 1,365,815	$ 20,259	$ 1,068,529	$ 63,254	$ -	$ 5,486,690
Inter-segment revenue	2,458,903	2,444,965	2,565	17,932	53,675	(4,978,040)	-
Segment revenue	$ 5,427,736	$ 3,810,780	$ 22,824	$ 1,086,461	$ 116,929	$ (4,978,040)	$ 5,486,690
Segment income	$ 295,729	$ (737,217)	$ (7,002)	$ (7,009)	$ 16,681	$ 49,336	$ (389,482)
Interest income							9,606
Other income							23,341
Finance costs							(36,889)
Other expense and loss							(111,322)
Income from continuing operations before income tax							$ (504,746)
Segment assets							
Assets	$ 3,611,051	$ 3,877,174	$ 999,178	$ 2,675,212	$ 301,905	$ (2,733,064)	$ 8,731,456
Investments							445,311
Deferred tax assets							207,321
Total assets							$ 9,384,088
Depreciation and amortization	$ 134,841	$ 475,181	$ 43,450	$ 78,889	$ 5,489		$ 737,850
Acquisition of property, plant and equipment	$ 93,389	$ 88,546	$ 2,778	$ 13,941	$ 173		$ 198,827

Segment profit represented the profit before tax earned by each segment without gain or loss on disposal of property, plant and equipment, interest income, dividend income, gain on disposal of investments, share of profit or loss of associates, net exchange gain or loss, net profit or loss of financial assets measured at FVTPL, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

On July 19, 2018, the Central China and Shanghai area was resolved by the board of directors to be transferred, and the transfer is expected to be completed within one year.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2018	2017
Plastic components	$ 5,060,199	$ 4,761,334
Molds	120,171	480,978
Others	319,610	244,378
	$ 5,499,980	$ 5,486,690

c. Geographical information

The Group operates in three principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets December 31	
	2018	2017	2018	2017
Taiwan	$ 272,586	$ 44,616	$ 133,425	$ 146,502
China	4,405,349	2,002,890	2,049,804	3,090,200
America	19,493	130,069	-	-
Japan	427,805	492,053	-	-
Others	374,747	2,817,062	-	-
	$ 5,499,980	$ 5,486,690	$ 2,183,229	$ 3,236,702

Non-current assets exclude non-current assets classified as held for sale, financial instruments, and deferred tax assets.

d. Information about major customers

Individual customers accounting for at least 10% of net sales for the years ended December 31, 2018 and 2017 were as follows:

	For the Year Ended December 31	
Customer	2018	2017
Customer A	$ 1,428,765	$ 679,029
Customer B	-	161,957
	$ 1,428,765	$ 840,986

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Account and Amounts	Reasons for Short-term Financing	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
												Item	Value		
1	Coxon Industry (Changshu) Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	Other receivables	Yes	$ 623,238	$ 415,896	$ 415,896	5.31	Financing	Interest income $ 23,428	Working capital	-	$ -	$ 904,794	$ 904,794
		Dong Guan Chensong Plastic Co., Ltd.	Other receivables	Yes	93,720	-	-	5.31	Financing	Interest income 2,166	Working capital	-	-	904,794	904,794
2	Sun Can International Ltd.	Coxon Precise International Ltd.	Other receivables	Yes	107,503	-	-	1.50	Financing	Interest income 1,235	Working capital	-	-	921,195	921,195
		Sinxon Plastic (Dong Guan) Ltd.	Other receivables	Yes	153,575	153,575	153,575	-	Financing	Interest income -	Working capital	-	-	929,160	929,160
3	Coxon Industry Ltd.	Cheng Da Industry Ltd.	Other receivables	Yes	29,195	-	-	1.50	Financing	Interest income 113	Working capital	-	-	747,750	747,750
		Hang Yuan Enterprise Ltd.	Other receivables	Yes	29,130	-	-	1.50	Financing	Interest income 5	Working capital	-	-	747,750	747,750
4	Dong Guan Cheng Da Metal Product Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	Other receivables	Yes	117,150	44,720	44,720	5.31	Financing	Interest expense 4,087	Working capital	-	-	274,864	274,864
5	Changshu Huaxon Industry Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	Other receivables	Yes	138,650	134,160	134,160	5.31	Financing	Interest expense 4,018	Working capital	-	-	797,006	797,006

Note: The limits on loans to others are handled by the Company's invested company in accordance with the letter referenced (91) Tai-Tsai-Cheng (VI) No. 0910161919 from the Securities and Futures Bureau of the Financial Supervision Commission on December 18, 2002. The total amount of loans to others shall not exceed 40% of the net value in the latest audited financial statement by the accountant, and the loan to a single enterprise shall not exceed 30% of the net value in the latest audited financial statement by the accountant. However, the limits above shall not apply if, due to the group’s capital requirement, the object of the loan extension is an affiliated company of Coxon Precise Industrial Co., Ltd., which is the ultimate parent company, and a resolution is passed by the board of directors. However, the loan amount shall not exceed the net value in the latest audited financial statement by the accountant.

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Coxon Precise Industrial Co., Ltd.	Shares							
	Halo Neuro Inc.	None	Financial assets at FVTOCI - current	306,720	$ -	-	$ -	
	CGK International Co., Ltd.	None	Financial assets at FVTOCI - non-current	1,800,000	$ 30,826	5	$ 30,826	
	PT. Fuji Seiki Indonesia	None	Financial assets at FVTOCI - non-current	1,500,000	24,116	18	24,116	
	Kin Tin Optotronic Co., Ltd.	None	Financial assets at FVTOCI - non-current	2,255,193	-	6	-	
	Aetas Technology Inc.	None	Financial assets at FVTOCI - non-current	106,000	-	-	-	
					$ 54,942		$ 54,942	
Coxon Precise International Limited	Toyo Precision Appliance (Kunshan) Co., Ltd.	Other related party	Financial assets at FVTOCI - current	153,360	$ 201,879	15	$ 201,879	

Note 1: The financial assets measured at cost are unlisted shares. The assets were assessed as impaired with a small chance of recovery, so impairment loss was recognized.

Note 2: Please refer to Schedule 5 and 6 for information on invested subsidiaries, affiliates and joint-venture interests.

TABLE 3

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade (Payables) Receivables		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Coxon Precise Industrial Co., Ltd.	Coxon Industry Ltd.	Subsidiaries	Purchases	$ 616,509	29	120 days	In accordance with mutual agreements	120 days	Trade payables $ 177,152	14	
	Sun Can International Ltd.	Subsidiaries	Purchases	1,175,751	56	120 days	In accordance with mutual agreements	120 days	Trade payables 795,947	65	
Coxon Industry Ltd.	Coxon Precise Industrial Co., Ltd.	Subsidiaries	Sales	616,509	100	120 days	In accordance with mutual agreements	120 days	Trade receivables 177,152	100	
	Dong Guan Chensong Plastic Co., Ltd.	Subsidiaries	Purchases	612,201	100	120 days	In accordance with mutual agreements	120 days	Trade payables 78,709	100	
Sun Can International Ltd.	Coxon Precise Industrial Co., Ltd.	Subsidiaries	Sales	1,175,751	100	120 days	In accordance with mutual agreements	120 days	Trade receivables 795,947	100	
	Sinxon Plastic (Dong Guan) Ltd.	Subsidiaries	Purchases	1,145,554	100	120 days	In accordance with mutual agreements	120 days	Trade payables 240,089	100	
Dong Guan Chensong Plastic Co., Ltd.	Coxon Industry Ltd.	Subsidiaries	Sales	612,201	54	120 days	In accordance with mutual agreements	120 days	Trade receivables 78,709	33	
	Tonly Electronic (Huizhou) Co., Ltd.	Affiliated company	Sales	234,274	21	120 days	In accordance with mutual agreements	120 days	Trade receivables 64,193	27	
Sinxon Plastic (Dong Guan) Ltd.	Sun Can International Ltd.	Subsidiaries	Sales	1,145,554	38	120 days	In accordance with mutual agreements	120 days	Trade receivables 240,089	33	

Note: The related party transactions between subsidiaries have been eliminated upon consolidation.

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Coxon Industry Ltd.	Coxon Precise Industrial Co., Ltd.	Ultimate parent company	$ 177,152	2.39	$ -	-	$ -	$ -
Sun Can International Ltd.	Coxon Precise Industrial Co., Ltd.	Ultimate parent company	795,947	1.69	-	-	-	-
	Sinxon Plastic (Dong Guan) Ltd.	Associate	134,260 (Note 1)	-	-	-	-	-
Dong Guan Chensong Plastic Co., Ltd.	Coxon Industry Ltd.	Ultimate parent company	78,709	2.40	-	-	-	-
Sinxon Plastic (Dong Guan) Ltd.	Sun Can International Ltd.	Ultimate parent company	240,089	2.11	-	-	-	-
Coxon Industry (Changshu) Co., Ltd.	Sinxon Plastic (Dong Guan) Ltd.	Associate	416,205 (Note 1)	-	-	-	-	-

Note 1: Listed on other receivables.

Note 2: The related party transactions between subsidiaries had been eliminated upon consolidation.

TABLE 5

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2018	December 31, 2017	Shares	%	Carrying Amount			
Coxon Precise Industrial Co., Ltd.	Teckyork Enterprise Co., Ltd.	Samoa	Global investing activities	$ 901,356	$ 1,044,773	12,569,700	100	$ 1,307,592	$ (156,160)	$ (156,160)	
	Sun Can International Ltd.	Samoa	Global investing activities	551,004	551,004	16,932,762	100	929,160	(289,923)	(289,923)	
	Coxon Industry Ltd.	Samoa	Global investing activities	1,371,321	1,371,321	42,870,000	100	747,751	(342,085)	(342,085)	
	Cheng Da Industry	Samoa	Global investing activities	1,098,824	1,098,824	35,769,500	100	392,740	(233,551)	(233,551)	
	Cheng Yee Enterprise Ltd.	Samoa	Global investing activities	841,793	1,723,671	21,000,000	100	1,287,641	131,726	131,726	
	Soartek Optoelectronics Technology Co., Ltd.	Taiwan	Manufacturing and sale of nonmetal molding and automobile parts	51,000	51,000	5,100,000	100	46,749	(22)	(22)	
	Plenty Link Technology Co., Ltd.	Cayman Islands	Global investing activities	368,107	368,107	11,700,000	65	144,167	(163,092)	(106,010)	
Teckyork Enterprise Co., Ltd.	Vastech Industrial Co., Ltd.	Samoa	Global investing activities	-	18,021	-	-	-	-	-	Note 3
Cheng Yee Enterprise Ltd.	Hang Yuan Enterprise Ltd.	Samoa	Global investing activities	570,464	1,213,600	20,000,000	100	926,241	39,114	39,114	
	Coxon Precise International Limited	Virgin Islands	Global investing activities	91,020	91,020	3,000,000	100	254,261	74,618	74,618	
	Coxon Medical Limited	Samoa	Global investing activities	95,760	159,600	3,000,000	80	105,806	22,635	18,108	
Soartek Optoelectronics Technology Co., Ltd.	Hsiangtek Optical Technology Co., Ltd.	Samoa	Global investing activities	-	97,290	-	-	-	38,029	38,029	Note 4
Coxon Industry Ltd.	Siix Coxon Precision Phils, Inc.	Philippines	Manufacturing and sale of nonmetal molding	121,642	121,642	4,050,000	45	9,209	(9,358)	(4,211)	
Plenty Link Technology Co., Ltd.	Shuang Ying Science and Technology Ltd.	Taiwan	Manufacturing of optical instrument and electronic components	16,500	16,500	1,950,000	65 (Note 2)	9,853	(8,819)	(5,732)	

Note 1: All investments and equity of the investee company are eliminated upon consolidation.

Note 2: Coxon Precise Industrial Co., Ltd. holds directly 65% of the voting shares of Plenty Link Technology Co., Ltd., Plenty Link Technology Co., Ltd. holds directly 100% of the voting shares of Sun Can International Ltd. and Coxon Precise Industrial Co., Ltd. holds indirectly 65% of the voting shares of Sun Can International Ltd.

Note 3: Liquidated in June 2018.

Note 4: Liquidated in May 2018.

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
Shanghai Teckyork Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	$ 484,400	Investment through third party	$ 667,893	$ -	$ -	$ 667,893	$ (206,061)	100	$ (206,061)	$ 414,105	$ -	
Shanghai Sonor Enterprise Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	151,375	Investment through third party	218,175	-	-	218,175	15,252	100	15,252	81,893	-	
Vastech Plastic (Shanghai) Industrial Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts and optical lens	-	Investment through third party	141,310	-	98,524	42,786	-	-	(2,233)	-	-	
Changshu Huaxon Industry Co., Ltd.	Leasehold estate	938,525	Investment through third party	64,270	-	-	64,270	(6,896)	100	(6,896)	797,006	-	
Changshu Houkennixx Plastic Product Co., Ltd.	Manufacturing, assembling and sale of plastic products	-	Investment through third party	-	-	-	-	-	-	(2,791)	-	-	
Sinxon Plastic (Dong Guan) Ltd.	Manufacturing and sale of nonmetal molding and automobile parts	550,844	Investment through third party	320,818	-	-	320,818	(316,745)	100	(316,745)	372,363	-	
Coxon Industry (Changshu) Co., Ltd.	Manufacturing and sale of nonmetal molding, precision plastic injection parts, related semi-finished goods and components	1,211,000	Investment through third party	1,506,273	-	643,136	863,137	23,881	100	23,881	904,794	-	
Toyo Precision Appliance (Kunshan) Co., Ltd.	Manufacturing and processing of sheet metal-press work parts	936,141	Investment through third party	194,278	-	-	194,278	-	30	(2,477)	-	-	
Dong Guan Xiangjian Photoelectric Technology Co., Ltd.	Manufacturing instrument, electronic products and plastic products	-	Investment through third party	17,991	-	14,652	3,339	-	-	-	-	-	
Shanghai Coxon Medical Ltd.	Manufacturing of medical materials	149,770	Investment through third party	23,120	-	-	23,120	11,212	80	8,970	71,722	-	
Dong Guan Cheng Da Metal Product Company Ltd.	Manufacturing instrument, electronic products and plastic products	145,871	Investment through third party	141,448	-	-	141,448	(126,088)	100	(126,088)	274,864	-	
Dong Guan Chensong Plastic Co., Ltd.	Manufacturing and sale of metal and nonmetal molding and automobile parts	1,367,130	Investment through third party	471,320	-	-	471,320	(315,066)	100	(315,066)	481,650	-	
Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd.	Manufacturing of optical instrument and electronic components	465,025	Investment through third party	279,595	-	-	279,595	(151,357)	65	(98,382)	131,653	-	
Guangdong Tonly Precision Structure Co., Ltd.	Design, production, processing and sales of precision plastic products, molds, plastic parts and hardware components; technical advice, technical services; import and export of goods and technology import and export	92,968	Note 10	-	-	-	-	23,255	30	6,976	19,990	-	

(Continued)

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$4,028,500	$6,908,148	Note 12

Note 1: The Company invested in Shanghai Teckyork Enterprise Co., Ltd., Shanghai Sonor Enterprise Co., Ltd., Changshu Huaxon Industry Co., Ltd. and Changshu Houkennixx Plastic Product Co., Ltd. through Teckyork Enterprise Co., Ltd. in a third region. Changshu Houkennixx Plastic Product Co., Ltd. was sold in full on December 17, 2018, and Teckyork Enterprise Co., Ltd. has received relevant proceeds.

Note 2: The Company invested in Vastech Industrial Co., Ltd. through Teckyork Enterprise Co., Ltd. in a third region, and then Vastech Industrial Co., Ltd. invested in Vastech Plastic (Shanghai) Industrial Co., Ltd., which was liquidated in June 2018. In June 2018, Company F remitted the relevant capital back to Vastech Industrial Co., and then Vastech Industrial Co. remitted it back to the Company.

Note 3: The Company invested in 100% of the equity of Hang Yuan Enterprise Ltd. and Coxon Precise International Limited and 80% of the equity of Coxon Medical Limited through Cheng Yee Enterprise Ltd. in a third region. Hang Yuan Enterprise Ltd., Coxon Precise International Limited and Coxon Medical Limited then respectively invested in 100% of the equity of Coxon Industry (Changshu) Co., Ltd., 30% of the equity of Toyo Precision Appliance (Kunshan) Co., Ltd. and 100% of the equity of Shanghai Coxon Medical Limited. Toyo Precision Appliance (Kunshan) Co., Ltd. has been sold in full on October 9, 2018, and Coxon Precise International Limited has received the relevant proceeds.

Note 4: The Company invested in Sinxon Plastic (Dong Guan) Ltd. through Sun Can International Ltd. in a third region.

Note 5: Investment funds of Shanghai Coxon Medical Limited of US$3,700 thousand came from the own funds of Coxon Medical Limited which Shanghai Coxon Medical Limited invests in.

Note 6: As of December 31, 2018, the approved investment capital of US$900 thousand of Changshu Houkennixx Plastic Product Co., Ltd. and US$44,000 thousand of Dong Guan Chensong Plastic Co., Ltd. have not been filed with the Investment Commission for record.

Note 7: The Company invested in Dong Guan Cheng Da Metal Product Company Limited through Cheng Da Industry Ltd. in a third region.

Note 8: The Company invested in Dong Guan Chensong Plastic Co., Ltd. through Coxon Industry Ltd. in a third region.

Note 9: The Company invested in Dongguan Shuang-Ying Photoelectric Technology Co., Ltd. through Plenty Link Technology Co., Ltd. in a third region.

Note 10: 30% of the equity is invested with own funds of Coxon Industry (Changshu) Co., Ltd.

Note 11: The Company invested in Hsiangtek Optical Technology Co., Ltd. through Soartek Optoelectronics Technology Co., Ltd., and then invested in Dong Guan Xiangjian Photoelectric Technology Co., Ltd. through Hsiangtek Optical Technology Co., Ltd. in a third region. The investment funds were own funds. Of Soartek Optoelectronics Technology Co., Ltd. Dong Guan Xiangjian Photoelectric Technology Co., Ltd. was liquidated in December 2014, and in May 2018 Hsiangtek Optical Technology Co., Ltd. remitted the relevant capital back to Soartek Optoelectronics Technology Co., Ltd.

Note 12: According to the new revised “Principles for Reviewing Investment or Technical Cooperation in Mainland China” on August 29, 2008, the Company has obtained from the Industrial Development Bureau of the Ministry of Economic Affairs the certification regarding its compliance with the operation scope of operational headquarters; therefore, no investment limit shall be applied.

Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: See Table 3.

Endorsements/guarantees provided with investee companies in mainland China, either directly or indirectly through a third party: None.

Financing provided with investee companies in mainland China, either directly or indirectly through a third party: None.

Other transactions which significantly affect profit and loss or the financial situation: None.

(Concluded)

TABLE 7

COXON PRECISE INDUSTRIAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% of Total Sales or Assets (Note 4)
0	Coxon Precise Industrial Co., Ltd.	Coxon Industrial Ltd.	a	Other receivables	$ 372	Note	-
			a	Trade payables	177,152	Note	3
			a	Purchases	616,509	Note	11
		Sun Can International Ltd.	a	Other receivables	693	Note	-
			a	Trade payables	795,947	Note	11
			a	Purchases	1,175,751	Note	21
		Teckyork Enterprise Co., Ltd.	a	Other receivables	76	Note	-
			a	Purchases	6,852	Note	-
		Hang Yuan Enterprise Ltd.	a	Other receivables	1,643	Note	-
			a	Purchases	7,796	Note	-
		Coxon Medical Ltd.	a	Other receivables	308	Note	-
		Cheng Da Industrial Ltd.	a	Other receivables	300	Note	-
		Sinxon Plastic (Dong Guan) Ltd.	a	Trade receivables	66	Note	-
			a	Trade payables	1,042	Note	-
			a	Payables on equipment	1,418	Note	-
			a	Sales	183	Note	-
			a	Purchases	8,607	Note	-
		Dong Guan Chensong Plastic Co., Ltd.	a	Payables on equipment	142	Note	-
		Shanghai Teckyork Enterprise Co., Ltd.	a	Payables on equipment	551	Note	-
		Plenty Link Technology Co., Ltd.	a	Other receivables	89	Note	-
1	Coxon Industrial Ltd.	Dong Guan Chensong Plastic Co., Ltd.	a	Trade payables	78,709	Note	1
			a	Sales	2,524	Note	-
			a	Purchases	612,201	Note	1
		Cheng Da Industrial Ltd.	c	Interest income	113	Note	-
		Hang Yuan Enterprise Ltd.	c	Interest income	5	Note	-
2	Dong Guan Chensong Plastic Co., Ltd.	Coxon Industry (Changshu) Ltd.	c	Trade payables	4,072	Note	-
			c	Purchases	5,693	Note	-
			c	Finance costs	2,166	Note	-
		Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd.	c	Trade receivables	120	Note	-
			c	Other payables	4,976	Note	-
			c	Sales	508	Note	-
			c	Purchases	7,767	Note	-
			c	Manufacturing overhead	293	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% of Total Sales or Assets (Note 4)
		Sinxon Plastic (Dong Guan) Ltd.	c	Trade receivables	$ 15,234	Note	-
			c	Trade payables	15,996	Note	-
			c	Other payables	4,814	Note	-
			c	Sales	14,407	Note	-
			c	Purchases	49,404	Note	1
			c	Manufacturing overhead	65	Note	-
		Teckyork Enterprise Co., Ltd.	c	Other payables	112	Note	-
			c	Payables on equipment	700	Note	-
3	Sun Can International Ltd.	Sinxon Plastic (Dong Guan) Ltd.	a	Trade receivables	7	Note	-
			a	Trade payables	240,089	Note	3
			a	Purchases	1,145,554	Note	21
		Coxon Precise International Limited	c	Miscellaneous expenditures	63,058	Note	1
			c	Interest income	1,235	Note	-
4	Sinxon Plastic (Dong Guan) Ltd.	Dong Guan Cheng Da Metal Product Co., Ltd.	c	Trade receivables	36	Note	-
			c	Other receivables	2,081	Note	-
			c	Trade payables	1,476	Note	-
			c	Other payables	44,753	Note	1
			c	Sales	763	Note	-
			c	Rental revenue	1,965	Note	-
			c	Purchases	6,424	Note	-
			c	Finance costs	4,087	Note	-
		Shanghai Teckyork Enterprise Co., Ltd.	c	Other payables	93	Note	-
			c	Payables on equipment	3,479	Note	-
			c	Sales	3,113	Note	-
			c	Purchases	695	Note	-
		Coxon Industry (Changshu) Ltd.	c	Trade receivables	2,165	Note	-
			c	Other receivables	1,260	Note	-
			c	Trade payables	1,945	Note	-
			c	Other payables	416,205	Note	6
			c	Sales	4,015	Note	-
			c	Finance costs	23,428	Note	-
			c	Purchases	3,524	Note	-
		Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd.	c	Trade receivables	5,069	Note	-
			c	Other receivables	29,279	Note	-
			c	Trade payables	257	Note	-
			c	Other payables	5,266	Note	-
			c	Contract liabilities	1,136	Note	-
			c	Sales	3,299	Note	-
			c	Purchases	9,775	Note	-
			c	Manufacturing overhead	3,100	Note	-
		Changshu Huaxon Industry Co., Ltd.	c	Other payables	134,260	Note	2
			c	Finance costs	4,018	Note	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms (Note 3)	% of Total Sales or Assets (Note 4)
5	Teckyork Enterprise Co., Ltd.	Hang Yuan Enterprise Ltd.	c	Service costs	$ 416	Note	-
		Shanghai Teckyork Enterprise Co., Ltd.	a	Manufacturing overhead	1	Note	-
6	Shanghai Teckyork Enterprise Co., Ltd.	Coxon Industry (Changshu) Ltd.	c	Trade receivables	191	Note	-
			c	Other receivables	12,073		-
			c	Other payables	2,635	Note	-
			c	Sales	600	Note	-
			c	Manufacturing overhead	10,253	Note	-
		Shanghai Sonor Enterprise Co., Ltd.	c	Other receivables	1	Note	-
	.		c	Purchases	10,064	Note	-
		Shanghai Coxon Medical Limited	c	Other receivables	473	Note	-
			c	Rental revenue	3,268	Note	-
7	Changshu Huaxon Industry Co., Ltd.	Coxon Industry (Changshu) Ltd.	c	Rental revenue	31,738	Note	1
8	Coxon Medical Limited	Shanghai Coxon Medical Limited	a	Trade payables	13,609	Note	-
			a	Purchases	58,616	Note	1
9	Dong Guan Shuang-Ying Photoelectric Technology Co., Ltd.	Shuang-Ying Science and Technology, Ltd.	c	Trade receivables	167	Note	-
			c	Sales	2,336	Note	-
10	Hang Yuan Enterprise Ltd.	Coxon Industry (Changshu) Ltd.	a	Trade payables	4,305	Note	-
			a	Sales	5,125	Note	-
			a	Service revenue	348	Note	-
			a	Purchases	5,125	Note	-

Note 1: The numbers above are identified as follows:

a. “0” for the Company.
b. “1” for the subsidiary.

Note 2: The flow of transactions was as follows:

a. From the Company to the subsidiary.
b. From the subsidiary to the Company.
c. Between subsidiaries.

Note 3: The transaction terms with the related party are not significantly different from those to third parties.

Note 4: For assets and liabilities, the amount is shown as a percentage to consolidated total assets as of December 31, 2018, while revenue, costs and expenses are shown as a percentage to consolidated total operating revenue for the year ended December 31, 2018.

(Concluded)