FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2017 AND 2016

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR17000186

To the Board of Directors and Shareholders of Flexium Interconnect, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Flexium Interconnect, Inc. and subsidiaries (the "Group") as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

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Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Key audit matter - Valuation of allowance for accounts receivable

Description

For the accounting policies on accounts receivable, please refer to Note 4(9). For the uncertainty of accounting estimates and assumptions in relation to accounts receivable, please refer to Note 5(2). For the details of net accounts receivable, please refer to Note 6(4).

The criteria that the Group uses to determine whether there is objective evidence of an impairment of individual accounts receivable includes the aging of accounts receivable past due, financial situation of customers, internal credit ranking and historical transaction records. Based on this criterion, the Group estimates the amounts of allowance for accounts receivable that the Group has to provision. As the estimates are subject to management's judgement and involves uncertainty, the recoverable amount may be significantly affected. Thus, we consider the valuation of allowance for material accounts receivable as one of the key audit matters.

How our audit addressed the matter

We have evaluated the allowance for accounts receivable and performed the following audit procedures:

A. Obtained an understanding of the Group's operation and sales customers. Assessed the reasonableness of policies and process applied in allowance for accounts receivable, including the objective evidence for the incurred bad debts and compared whether the provision policies adopted in the different periods are consistently applied.

B. Identified impairment of material accounts receivable estimated by management and checked the reasonableness of the relevant supporting documents.

C. Performed audit procedures for collections of overdue accounts receivable after balance sheet date and assessed the reasonableness of those material accounts receivable that were not impaired.

D. Selected samples and performed confirmation of material accounts receivable. Tested the reconciliation statement of the differences between the replies and account balances.

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Key audit matter - Estimate of allowance for inventory valuation losses

Description

For the accounting policies on inventory valuation, please refer to Note 4(13). For the uncertainty of accounting estimates and assumptions in relation to inventory valuation, please refer to Note 5(2). For the details of inventory, please refer to Note 6(5).

The Group is primarily engaged in manufacturing and sales of flexible print circuit board which belongs to a rapidly changing industry and is easily affected by the market price. Thus, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group determines inventory value using the item by item approach and recognised at the lower of cost and net realisable value. For inventory that is over a certain age and individually identified obsolete or slow-moving inventory, the net realised value was calculated from the historical experience of disposing old inventories.

The determination of net realisable value for obsolete or slow-moving inventory are subject to management's judgement and involves uncertainty. Considering the Group's inventory balance and the allowance for inventory valuation losses are material to its financial statements, we consider the estimates of the allowance for inventory valuation losses as one of the key audit matters.

How our audit addressed the matter

For inventory which is over a specific age and obsolete inventory that is checked item by item, we have tested the inventory valuation loss process conducted by the management and performed the following audit procedures:

A. Compared financial statements to check whether the provision policy of allowance for inventory valuation loss is consistently applied in all reporting periods and assessed the reasonability of the provision policy.
B. Tested the estimated net realisable value of obsolete and damaged inventory reported. Discussed with management and obtained supporting evidences.
C. Tested the accuracy of logic of management identified individual obsolete or damaged inventory aging report, and confirmed whether the obsolete inventories are recorded in the report.
D. Assessed the reasonability and evidences of management in identifying individual obsolete or damaged inventory.
E. Observed inventory count to match the count information with the obsolete and damaged inventory report which was compiled by management.

F. Verified inventory write-down and allowance for individual inventory valuation losses and compared with individual inventory's impairment provision during the latest period, and assessed the reasonableness of allowance of inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Flexium Interconnect, Inc. as at and for the years ended December 31, 2017 and 2016.

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 Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's 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 auditor's 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 ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement 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 auditor's 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 auditor's 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Liao, A-Shen   Wu, Chien-Chih

Liao, A-Shen   Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

February 7, 2018

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

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 6,727,184	22	$ 8,744,645	37
1110	Financial assets at fair value through profit or loss	6(2)	1,621,153	5	39,804	-
1125	Available-for-sale financial assets - current	6(3)	43,211	-	-	-
1150	Notes receivable, net		-	-	3,788	-
1170	Accounts receivable, net	6(4)	8,113,608	27	4,278,488	18
1200	Other receivables		59,066	-	79,118	-
130X	Inventories, net	6(5)	4,886,635	16	2,019,017	9
1410	Prepayments		319,984	1	207,397	1
1476	Other current financial assets	6(10)	2,198,320	7	2,021,100	9
11XX	**Current Assets**		23,969,161	78	17,393,357	74
	Non-current assets					
1523	Available-for-sale financial assets - noncurrent	6(3)	-	-	174,612	1
1600	Property, plant and equipment, net	6(6)(8)	6,196,860	20	5,017,555	22
1760	Investment property, net	6(7)	290,106	1	302,169	1
1780	Intangible assets, net	6(9)	37,325	-	39,205	-
1840	Deferred tax assets	6(23)	48,890	-	76,491	-
1980	Other non-current financial assets	6(10)	-	-	465,317	2
1990	Other non-current assets, others	6(10)	183,891	1	47,859	-
15XX	**Non-current assets**		6,757,072	22	6,123,208	26
1XXX	**Total assets**		$ 30,726,233	100	$ 23,516,565	100

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FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

			December 31, 2017		December 31, 2016	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%
	Current liabilities					
2170	Accounts payable		$ 7,396,853	24	$ 3,431,568	15
2200	Other payables		3,607,951	12	1,711,281	7
2230	Income tax payable	6(23)	659,421	2	480,369	2
2320	Long-term liabilities, current portion	6(11)	528,543	2	240,458	1
2399	Other current liabilities, others		21,368	-	38,790	-
21XX	**Current Liabilities**		12,214,136	40	5,902,466	25
	Non-current liabilities					
2530	Bonds payable	6(11)	-	-	1,575,075	7
2570	Deferred tax liabilities	6(23)	597,627	2	480,943	2
2600	Other non-current liabilities	6(12)	54,062	-	28,179	-
25XX	**Non-current liabilities**		651,689	2	2,084,197	9
2XXX	**Total Liabilities**		12,865,825	42	7,986,663	34
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Share capital - common stock		3,179,912	10	2,991,044	13
3140	Advance receipts for share capital		-	-	4,281	-
	Capital surplus	6(11)(15)				
3200	Capital surplus		3,990,243	13	4,504,836	19
	Retained earnings	6(16)				
3310	Legal reserve		1,244,420	4	1,016,902	4
3320	Special reserve		153,669	1	153,669	1
3350	Unappropriated retained earnings	6(23)	10,476,420	34	8,372,889	36
	Other equity interest	6(17)				
3400	Other equity interest		(212,254)	(1)	(73,422)	(1)
3500	**Treasury stocks**	6(14)	(972,002)	(3)	(1,440,297)	(6)
31XX	**Equity attributable to owners of the parent**		17,860,408	58	15,529,902	66
3XXX	**Total equity**		17,860,408	58	15,529,902	66
3X2X	**Total liabilities and equity**		$ 30,726,233	100	$ 23,516,565	100

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

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	2017 AMOUNT	%	2016 AMOUNT	%
4000	**Sales revenue**		$ 25,846,403	100	$ 19,096,283	100
5000	**Operating costs**	6(5)(9)	(20,184,575)	(78)	(14,556,901)	(76)
5900	**Net operating margin**		5,661,828	22	4,539,382	24
	Operating expenses	6(9)				
6100	Selling expenses		(163,318)	(1)	(127,287)	(1)
6200	General & administrative expenses		(531,789)	(2)	(452,770)	(2)
6300	Research and development expenses		(1,005,855)	(4)	(906,974)	(5)
6000	**Total operating expenses**		(1,700,962)	(7)	(1,487,031)	(8)
6900	**Operating profit**		3,960,866	15	3,052,351	16
	Non-operating income and expenses					
7010	Other income	6(18)	266,821	1	143,888	1
7020	Other gains and losses	6(2)(3)(19)	(334,644)	(1)	(203,417)	(1)
7050	Finance costs	6(20)	(16,257)	-	(33,072)	-
7000	**Total non-operating income and expenses**		(84,080)	-	(92,601)	-
7900	**Profit before income tax**		3,876,786	15	2,959,750	16
7950	Income tax expense	6(23)	(819,950)	(3)	(684,570)	(4)
8200	**Profit for the year**		$ 3,056,836	12	$ 2,275,180	12
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(12)	($ 5,325)	-	($ 3,854)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(17)	(96,716)	(1)	(313,354)	(1)
8362	Other comprehensive income, before tax, available-for-sale financial assets	6(3)(17)	(42,116)	-	58,616	-
8500	**Total comprehensive income for the year**		$ 2,912,679	11	$ 2,016,588	11
	Profit (loss), attributable to:					
8610	Loss, attributable to owners of parent		$ 3,056,836	12	$ 2,275,180	12
	Comprehensive income attributable to:					
8710	Comprehensive income, attributable to owners of parent		$ 2,912,679	11	$ 2,016,588	11
	Earnings per share	6(24)				
9750	**Basic earnings per share**		$	10.07	$	7.99
9850	**Diluted earnings per share**		$	9.60	$	7.13

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

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Share capital			Retained earnings			Other equity interest			
	Notes	Share capital - common stock	Advance receipts for share capital	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total equity
Year 2016											
Balance at January 1, 2016		$ 2,779,829	$ -	$ 4,709,307	$ 741,024	$ 153,669	$ 7,011,183	$ 181,316	$ -	($ 376,353)	$ 15,199,975
Distribution of 2015 earnings											
Capitalization of capital reserve		-	-	-	275,878	-	(275,878)	-	-	-	-
Distribution of cash dividends	6(16)	-	-	-	-	-	(633,742)	-	-	-	(633,742)
Allotment of shares using capital surplus	6(14)(15)	126,748	-	(126,748)	-	-	-	-	-	-	-
Allotment of cash using capital surplus	6(15)	-	-	(506,993)	-	-	-	-	-	-	(506,993)
Issuance of convertible bonds	6(11)(15)	-	-	35,723	-	-	-	-	-	-	35,723
Share-based payment transactions	6(13)(14)(15)	2,950	-	(49,956)	-	-	-	-	-	376,353	329,347
Conversion of convertible bonds	6(11)(14)(15)	81,517	4,281	443,503	-	-	-	-	-	476	529,777
Consolidated net income for 2016	6(24)	-	-	-	-	-	2,275,180	-	-	-	2,275,180
Other comprehensive (loss) income for 2016	6(3)(12)(17)	-	-	-	-	-	(3,854)	(313,354)	58,616	-	(258,592)
Buyback of treasury stock	6(14)	-	-	-	-	-	-	-	-	(1,440,773)	(1,440,773)
Balance at December 31, 2016		$ 2,991,044	$ 4,281	$ 4,504,836	$ 1,016,902	$ 153,669	$ 8,372,889	($ 132,038)	$ 58,616	($ 1,440,297)	$ 15,529,902
Year 2017											
Balance at January 1, 2017		$ 2,991,044	$ 4,281	$ 4,504,836	$ 1,016,902	$ 153,669	$ 8,372,889	($ 132,038)	$ 58,616	($ 1,440,297)	$ 15,529,902
Distribution of 2016 earnings											
Capitalization of capital reserve		-	-	-	227,518	-	(227,518)	-	-	-	-
Distribution of cash dividends	6(16)	-	-	-	-	-	(720,462)	-	-	-	(720,462)
Allotment of shares using capital surplus	6(14)(15)	144,092	-	(144,092)	-	-	-	-	-	-	-
Allotment of cash using capital surplus	6(15)	-	-	(576,370)	-	-	-	-	-	-	(576,370)
Share-based payment transactions	6(13)(14)(15)	1,250	-	(1,182)	-	-	-	-	-	145,040	145,108
Conversion of convertible bonds	6(11)(14)(15)	43,526	(4,281)	207,051	-	-	-	-	-	1,053,045	1,299,341
Consolidated net income for 2017	6(24)	-	-	-	-	-	3,056,836	-	-	-	3,056,836
Other comprehensive loss for 2017	6(3)(12)(17)	-	-	-	-	-	(5,325)	(96,716)	(42,116)	-	(144,157)
Buyback of treasury stock	6(14)	-	-	-	-	-	-	-	-	(729,790)	(729,790)
Balance at December 31, 2017		$ 3,179,912	$ -	$ 3,990,243	$ 1,244,420	$ 153,669	$ 10,476,420	($ 228,754)	$ 16,500	($ 972,002)	$ 17,860,408

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

FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,876,786	$ 2,959,750
Adjustments			
Adjustments to reconcile profit (loss)			
Share-base payment transactions	6(13)	9,436	-
Reversal of allowance for sales returns and discounts	6(4)	(25,905)	(7,968)
Depreciation	6(6)(21)	1,007,998	969,860
Depreciation expense from investment properties	6(7)(21)	12,063	4,021
Amortization of intangible and other assests	6(9)(21)	27,739	28,033
Rental expense (land use rights)	6(10)	2,065	1,123
Loss (profit) on valuation of financial assets at fair value	6(2)(19)	10,512	(9,156)
Interest expense	6(20)	16,257	33,072
Interest income	6(18)	(97,523)	(88,301)
Dividend income	6(18)	(13,031)	-
Loss on disposal of property, plant and equipment	6(19)	61,224	4,137
Gains on disposal of investments	6(3)(19)	(51,685)	-
Gain on valuation of convertible bonds payable		-	(12,681)
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease (increase) in financial assets at fair value-current		5,086	(10,693)
Decrease (increase) in notes receivable		3,788	(3,756)
Increase in accounts receivable		(3,809,215)	(1,223,538)
Increase in other receivables		(25,266)	(6,826)
Increase in inventories		(2,867,618)	(256,083)
(Increase) decrease in prepayments		(88,687)	21,408
Increase in other financial assets-current		(177,220)	(1,338,740)
Decrease in other financial assets-non-current		465,317	43,892
Changes in operating liabilities			
Decrease in financial liabilities at fair value-current		(770)	-
Decrease in notes payable		-	(220)
Increase in accounts payable		3,965,285	623,839
Increase in other payables		1,162,551	74,234
Decrease (increase) in other current liabilities		(17,422)	19,321
Cash inflow generated from operations		3,451,765	1,824,728
Interest received		129,893	64,924
Dividend received		13,031	-
Income tax paid		(496,613)	(722,241)
Net cash flows from operating activities		3,098,076	1,167,411

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FLEXIUM INTERCONNECT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss, designated upon initial recognition		($ 1,598,788)	$ -
Proceeds from disposal of financial assets at fair value through profit or loss, designated upon initial recognition		-	509,209
Acquisition of available-for-sale financial assets		-	(117,444)
Proceeds from disposal of available-for-sale financial assets		143,581	-
Proceeds from capital reduction of available-for-sale financial assets		-	1,448
Acquisition of property, plant and equipment	6(25)	(1,741,769)	(986,300)
Proceeds from disposal of property, plant and equipment		74,865	5,561
Acquisition of investment properties	6(7)	-	(306,190)
Acquistiion of intangible assets	6(9)	(25,816)	(28,907)
(Increase) decrease in refundable deposits		(8,298)	669
Increase in other non-current assets		(81,392)	-
Interest received		12,948	5,808
Net cash flows used in investing activities		(3,224,669)	(916,146)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of bonds		-	1,594,765
Repayments of bonds		-	(507,341)
Increase in other non-current liabilities		20,558	4,203
Cash dividends paid	6(15)(16)	(1,296,832)	(1,140,735)
Proceeds from issuance of stock from exercising employee stock options	6(13)	3,145	4,473
Treasury stock transferred	6(13)	132,926	325,851
Payments to acquire treasury shares	6(14)	(729,790)	(1,440,773)
Treasury shares conversion cost		(3,608)	(977)
Net cash flows used in financing activities		(1,873,601)	(1,160,534)
Effect of exchange rate changes on cash and cash equivalents		(17,267)	54,245
Net decrease in cash and cash equivalents		(2,017,461)	(855,024)
Cash and cash equivalents at beginning of year	6(1)	8,744,645	9,599,669
Cash and cash equivalents at end of year	6(1)	$ 6,727,184	$ 8,744,645

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

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

(1) Flexium Interconnect, Inc. (the "Company") was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) and other relevant regulations on December 19, 1997. The Company is primarily engaged in the following: (1) manufacturing of build-up copper clad laminate; (2) manufacturing, processing, research, development, trading and repair of build-up printed circuit boards, flexible printed circuit boards, related semi-finished goods and parts; (3) manufacturing, research, development, and trading of parts for semi-finished goods of polyimide film base copper clad laminate; (4) manufacturing, processing, repair, design, trading of moulds, tools and clamping apparatuses; and (5) sale of raw materials for the products mentioned above. The Company's shares have been traded in the Taiwan Stock Exchange since September, 2003.

(2) Please refer to Note 4(3) B for the descriptions on the primary business operations of the Company and its subsidiaries (collectively referred herein as the "Group").

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

These consolidated financial statements were authorised for issuance by the Board of Directors on February 7, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: applying the consolidation exception'	January 1, 2016
Amendments to IFRS 11, 'Accounting for acquisition of interests in joint operations'	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Amendments to IAS 1, 'Disclosure initiative'	January 1, 2016
Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation'	January 1, 2016
Amendments to IAS 16 and IAS 41, 'Agriculture: bearer plants'	January 1, 2016
Amendments to IAS 19, 'Defined benefit plans: employee contributions'	July 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 27, 'Equity method in separate financial statements'	January 1, 2016
Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'	January 1, 2014
Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4 'Applying IFRS 9 Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40 'Transfers of investment property'	January 1, 2018
IFRS 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 9, 'Financial instruments'

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

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. On January 1, 2018, the Group classified available-for-sale financial assets at the amount of $43,211 in accordance with IFRS 9 by increasing financial assets at fair value through profit or loss, increasing retained earnings in the amounts of $16,500 and decreasing other equity interest in the amounts of $16,500.

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

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

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

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

IFRS 16, 'Leases'

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Note
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT INC.	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	UFLEX TECHNOLOGY CO., LTD.	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT INVESTMENT CO.,	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	BOOM BUSINESS LIMITED	Business investment	100	-	Note 2
FLEXIUM INTERCONNECT INC.	SUCCESS GLORY INVESTMENTS LTD.	Business investment	100	100	
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Business investment	100	100	
UFLEX TECHNOLOGY CO., LTD.	FLEXIUM INTERCONNECT AMERICA LLC	Marketing supporting, and technology services	100	100	
SUCCESS GLORY INVESTMENTS LTD. and UFLEX TECHNOLOGY CO., LTD.	FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	Research, development, manufacturing and sale of new-type electronic components and devices (such as flexible printed circuit boards)	100	100	Note 1
GRANDPLUS ENTERPRISES LTD.	CHOSEN GLORY LIMITED	Business investment	100	100	
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Business investment	100	100	
GRANDPLUS ENTERPRISES LTD.	FOREVER MASTER LIMITED	Business investment	100	100	
BOOM BUSINESS LIMITED	CLEAR SUCCESS GLOBAL LIMITED	Business investment	100	-	Note 2
CLEAR SUCCESS GLOBAL LIMITED	FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	Research, development, manufacturing and sale of new-type electronic components and devices (such as flexible printed circuit boards)	100	-	Note 2

Note 1: As of December 31, 2017 and 2016, the ownership percentages of SUCCESS GLORY INVESTMENTS LTD. were both 74.11%, and the ownership percentages of UFLEX TECHNOLOGY CO., LTD. were both 25.89%.

Note 2: Newly established in the second quarter of 2017.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

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

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

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

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using settlement date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs.

These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(9) Receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

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

(c) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(d) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; and

(e) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as 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, and is recognised in profit or loss. 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) <u>Derecognition of financial assets</u>

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Operating leases (lessor)

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

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Property, plant and equipment

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

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

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

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

Buildings	2 ~ 35 years
Machinery equipment	2 ~ 15 years
Transportation equipment	3 ~ 15 years
Office equipment	5 ~ 10 years
Other equipment	2 ~ 10 years

(15) Operating leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 years.

(17) Intangible assets

Computer software is stated at cost and amortized using the straight-line method over its estimated economic service life.

(18) Impairment of non-financial assets

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

(19) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Financial liabilities and equity instruments

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

(a) Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

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

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

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

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

B. Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares, but not by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement. Convertible corporate bonds are accounted for as follows:

(a) Conversion options, call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

(b) Bonds payable of convertible corporate bonds is initially recognised at the remaining value of total issue price less amount of 'financial assets or financial liabilities at fair value through profit or loss' as stated above, and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(c) Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to each liability component in proportion to the allocation of proceeds.

(d) When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') is remeasured on the conversion date. The book value of common shares issued due to the conversion is based on the adjusted book value of the abovementioned liability component.

(24) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

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

iii. Past service costs are recognised immediately in profit or loss.

C. Employees', directors' and supervisors' remuneration

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

(26) Employee share-based payment

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

(27) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(28) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

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

(30) Revenue recognition

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

B. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised.

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The above information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Group would suffer a loss in its financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of accounts receivable

When there is objective evidence showing that the accounts receivable are impaired, the Company will consider the estimated future cash flows. The amount of impairment loss is measured as the difference between the asset's carrying amount and the estimated future cash flows (excluding future credit loss that not yet incurred) discounted at the financial asset's original effective interest rate. If the actual future cash flows are lower than expected, significant impairment loss may incur.

B. Evaluation of inventories

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash:		
Cash on hand and revolving funds	$ 909	$ 1,243
Checking accounts and demand deposits	2,743,358	1,934,914
	2,744,267	1,936,157
Cash equivalents:		
Time deposits	3,982,917	6,646,261
Bonds with resale agreement	-	162,227
	3,982,917	6,808,488
	$ 6,727,184	$ 8,744,645

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

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

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

Items	December 31, 2017	December 31, 2016
Current items:		
Financial assets held for trading		
Listed stocks	$ 40,513	$ 47,705
Valuation adjustment of financial assets held for trading	(18,148)	(7,901)
	22,365	39,804
Financial assets designated as at fair value through profit or loss on initial recognition		
Structured certificates of deposit	1,598,788	-
	$ 1,621,153	$ 39,804

A. The Group recognised net (loss) gain of ($13,123) and $9,156 on financial assets and liabilities held for trading for the years ended December 31, 2017 and 2016, respectively.

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

	December 31, 2017		December 31, 2016	
Derivative Financial Assets	Contract Amount (notional principal)	Contract Period	Contract Amount (notional principal)	Contract Period
Structured certificates of deposit	RMB 50,000 thousand	2017.11~2018.02	-	-
Structured certificates of deposit	RMB 50,000 thousand	2017.12~2018.03	-	-
Structured certificates of deposit	RMB 50,000 thousand	2017.12~2018.03	-	-
Structured certificates of deposit	RMB 30,000 thousand	2017.11~2018.03	-	-
Structured certificates of deposit	RMB 70,000 thousand	2017.12~2018.03	-	-
Structured certificates of deposit	RMB 30,000 thousand	2017.12~2018.03	-	-
Structured certificates of deposit	RMB 50,000 thousand	2017.12~2018.03	-	-
Structured certificates of deposit	RMB 20,000 thousand	2017.12~2018.03	-	-

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

(3) Available-for-sale financial assets

Items	December 31, 2017	December 31, 2016
Current items:		
Listed stocks	$ 26,711	$ -
Valuation adjustment	16,500	-
	$ 43,211	$ -
Non-current items:		
Listed stocks	$ -	$ 115,996
Valuation adjustment	-	58,616
	$ -	$ 174,612

The Group recognised $12,180 and $58,616 in other comprehensive income for fair value change and reclassified $54,296 and $0 for equity to profit for the years ended December 31, 2017 and 2016, respectively.

(4) Accounts receivable

	December 31, 2017	December 31, 2016
Accounts receivable	$ 8,134,574	$ 4,326,266
Less: Allowance for doubtful accounts	-	(907)
Allowance for sales returns and discounts	(20,966)	(46,871)
	$ 8,113,608	$ 4,278,488

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

	December 31, 2017	December 31, 2016
Up to 180 days	$ 181,311	$ 188,532
Over 181 days	-	-
	$ 181,311	$ 188,532

The above ageing analysis was based on overdue dates.

B. Movement analysis of financial assets that were impaired (allowance for doubtful accounts of accounts receivable) is as follows:

(a)As of December 31, 2017 and 2016, the Group's accounts receivable that were both impaired amounted to $0 and $907, respectively.

(b)Movements on the Group's provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 907	$ -	$ 907
Write-offs during the year	(907)	-	(907)
At December 31	$ -	$ -	$ -

	2016		
	Individual provision	Group provision	Total
At January 1	$ 907	$ -	$ 907
Provision for impairment	1,369	-	1,369
Reversal of impairment	(1,369)	-	(1,369)
At December 31	$ 907	$ -	$ 907

The basic collection term is 45-120 days. The Group analyzes clients' accounts receivable based on any change to credit quality, historical experience and current financial status and others to estimate uncollectible amounts.

C. Accounts receivable that are neither past due nor impaired are mainly from clients with outstanding collection history.

D. The Group does not hold collateral as security for accounts receivable.

(5) Inventories

	December 31, 2017	December 31, 2016
Raw materials	$ 770,631	$ 269,068
Work in process and semi-finished goods	1,274,960	477,761
Finished goods	2,841,044	1,272,188
	$ 4,886,635	$ 2,019,017

The cost of inventories recognised as expense for the years ended December 31, 2017 and 2016, was $20,184,575 and $14,556,901 respectively, including the amount of $163,292, that the Group wrote down from cost to net realisable value accounted for as cost for goods sold, as well as the amount of $108,853, that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because of the clearance of inventories that was already provisioned loss in market value decline.

(6) Property, plant and equipment

A. Book values of property, plant and equipment are as follows:

	December 31, 2017	December 31, 2016
Land	$ 516,599	$ 516,599
Buildings	1,248,553	1,005,405
Machinery	4,049,675	3,081,219
Transportation equipment	6,473	6,991
Office equipment	1,112	1,549
Other equipment	85,425	69,023
Construction in progress and equipment under acceptance	289,023	336,769
	$ 6,196,860	$ 5,017,555

B. Changes in property, plant and equipment are as follows:

	Year ended December 31, 2017					
Cost	Opening net book amount	Additions and transfer	Deduction	Reclassifications	Effects of exchange rate changes	Closing net book amount
Land	$ 516,599	$ -	$ -	$ -	$ -	$ 516,599
Buildings	1,529,542	445,339	(44,828)	-	(25,551)	1,904,502
Machinery	5,766,175	1,947,349	(233,191)	-	(68,599)	7,411,734
Transportation equipment	19,497	2,944	(2,695)	-	(215)	19,531
Office equipment	14,901	-	(47)	-	(245)	14,609
Other equipment	325,500	52,157	(22,218)	-	(3,416)	352,023
Construction in progress and equipment under acceptance	336,769	(44,571)	-	-	(3,175)	289,023
	$ 8,508,983	$ 2,403,218	($ 302,979)	$ -	($ 101,201)	$ 10,508,021

Year ended December 31, 2016

Cost	Opening net book amount	Additions and transfer	Deduction	Reclassifications	Effects of exchange rate changes	Closing net book amount
Land	$ 274,599	$ 242,000	$ -	$ -	$ -	$ 516,599
Buildings	1,626,932	31,387	(99)	-	(128,678)	1,529,542
Machinery	5,550,815	658,865	(74,060)	1,482	(370,927)	5,766,175
Transportation equipment	18,915	1,543	-	-	(961)	19,497
Office equipment	16,290	-	(275)	-	(1,114)	14,901
Other equipment	322,474	25,747	(5,437)	(1,482)	(15,802)	325,500
Construction in progress and equipment under acceptance	366,557	(4,780)	-	-	(25,008)	336,769
	$ 8,176,582	$ 954,762	($ 79,871)	$ -	($ 542,490)	$ 8,508,983

Year ended December 31, 2017

Accumulated depreciation and impairment	Opening net book amount	Additions and transfer	Deduction	Reclassifications	Effects of exchange rate changes	Closing net book amount
Buildings	$ 524,137	$ 138,243	($ 358)	$ -	($ 6,073)	$ 655,949
Machinery	2,684,956	833,845	(141,875)	-	(14,867)	3,362,059
Transportation equipment	12,506	3,137	(2,500)	-	(85)	13,058
Office equipment	13,352	399	(47)	-	(207)	13,497
Other equipment	256,477	32,374	(19,870)	-	(2,383)	266,598
	$ 3,491,428	$ 1,007,998	($ 164,650)	$ -	($ 23,615)	$ 4,311,161

Accumulated depreciation and impairment	Year ended December 31, 2016 Opening net book amount	Additions and transfer	Deduction	Reclassifications	Effects of exchange rate changes	Closing net book amount
Buildings	$ 439,067	$ 119,405	($ 99)	$ -	($ 34,236)	$ 524,137
Machinery	2,089,850	812,667	(66,590)	1,482	(152,453)	2,684,956
Transportation equipment	10,620	2,321	-	-	(435)	12,506
Office equipment	13,070	1,439	(259)	-	(898)	13,352
Other equipment	240,369	34,028	(4,747)	(1,482)	(11,691)	256,477
	$ 2,792,976	$ 969,860	($ 71,695)	$ -	($ 199,713)	$ 3,491,428

C. No borrowing costs were capitalized as part of property, plant and equipment in 2017 and 2016.

D. Impairment information about the property, plant and equipment is provided in Note 6(8).

(7) Investment property

	Land	Buildings	Total
At January 1, 2017			
Cost	$ 270,000	$ 36,190	$ 306,190
Accumulated depreciation and impairment	-	(4,021)	(4,021)
	$ 270,000	$ 32,169	$ 302,169
2017			
Opening net book amount as at January 1	$ 270,000	$ 32,169	$ 302,169
Depreciation	-	(12,063)	(12,063)
Closing net book - amount as at December 31	$ 270,000	$ 20,106	$ 290,106
At December 31, 2017			
Cost	$ 270,000	$ 36,190	$ 306,190
Accumulated depreciation and impairment	-	(16,084)	(16,084)
	$ 270,000	$ 20,106	$ 290,106

	Land		Buildings		Total
At January 1, 2016					
Cost	$	-	$ -	$	-
Accumulated depreciation and impairment		-	-		-
	$	-	$ -	$	-
2016					
Opening net book amount as at January 1	$	-	$ -	$	-
Additions		270,000	36,190		306,190
Depreciation		-	(4,021)	(	4,021)
Closing net book - amount as at December 31	$	270,000	$ 32,169	$	302,169
At December 31, 2016					
Cost	$	270,000	$ 36,190	$	306,190
Accumulated depreciation and impairment		-	(4,021)	(	4,021)
	$	270,000	$ 32,169	$	302,169

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

	Year ended December December 31, 2017	Year ended December December 31, 2016
Rental income from investment property	$ 11,081	$ 4,140
Direct operating expenses arising from the investment property that generated rental income during the period	$ 13,204	$ 4,021

B. The fair value of the investment property held by the Group as at December 31, 2016 was $489,607, which was valued by independent valuers. Valuations were made using the comparison approach and income approach which were categorised within Level 3 in the fair value hierarchy.

C. On December 31, 2017, the fair value of property investment held by the Group was $311,195, which was estimated using the quoted value of the same location with the same nature from the website of trading prices of real estate from the Ministry of Interior. The fair value measurements being categorised within Level 3.

(8) Impairment of non-financial assets

The Group's accumulated impairment loss for the years ended December 31, 2017 and 2016 amounted to $0 respectively, as follows:

	January 1, 2017	Impairment for the year	Effect of asset disposal	December 31, 2017
Accumulated impairment loss-machinery	$ -	$ -	$ -	$ -
Accumulated impairment loss-others	-	-	-	-
	$ -	$ -	$ -	$ -

	January 1, 2016	Impairment for the year	Effect of asset disposal	December 31, 2016
Accumulated impairment loss-machinery	$ 453	$ -	($ 453)	$ -
Accumulated impairment loss-others	7	-	(7)	-
	$ 460	$ -	($ 460)	$ -

(9) Intangible assets-computer software cost

A. Changes in computer software cost are as follows:

	2017	2016
At January 1	$ 39,205	$ 38,477
Additions-acquired separately	25,816	28,907
Amortization	(27,739)	(28,033)
Effects of exchange rate changes	43	(146)
At December 31	$ 37,325	$ 39,205

B. Details of amortization on intangible assets are as follows:

	2017	2016
Operating costs	$ 397	$ 1,956
Administrative expenses	18,706	19,801
Research and development expenses	8,636	6,276
	$ 27,739	$ 28,033

(10) Other financial assets and other non-current assets

Items	December 31, 2017	December 31, 2016
Other financial assets-current:		
Time deposit	$ 2,198,320	$ 2,021,100
Other financial assets-non-current:		
Time deposit	$ -	$ 465,317
Other non-current assets:		
Prepayments for equipment	$ 48,073	$ -
Refundable deposits	11,938	3,566
Long-term prepaid rent	123,880	44,293
	$ 183,891	$ 47,859

The Group recognized rental expenses of $2,065 and $1,123 for the years ended December 31, 2017 and 2016, respectively.

(11) Bonds payable

	December 31, 2017	December 31, 2016
Third domestic unsecured convertible bonds	$ -	$ 242,585
Fourth domestic unsecured convertible bonds	535,982	1,620,915
Less: Discount on bonds payable	(7,439)	(47,967)
	528,543	1,815,533
Less: current portion		
(Shown as"Long-term liabilities, current portion")	(528,543)	(240,458)
	$ -	$ 1,575,075

A. The terms of the second overseas unsecured convertible bonds issued by the Company are as follows:

(a) On July 25, 2013, the Company issued 0% coupon, 3-year overseas unsecured convertible bonds with the principal in the amount of US$100 million. The bonds are repayable in full at face value at maturity. The bonds were traded in the Singapore Exchange Limited since July 25, 2013.

(b) The bondholders have the right to ask for conversion of the bonds into common stock during the period from the date after one month of issuance of bonds to 10 days before the maturity date, except during the mandatory stop transfer period as required by law. The converted shares have the same rights and obligations as common shares. As of July 25, 2016, the bonds with face value in the amount of US$84,300 thousand had been converted into 27,813 thousand shares of common stocks.

(c) The conversion price is set up according to the terms of the bonds and is subject to adjustments when the anti-dilution provisions occur. The conversion price was set at NT$110 (in dollars) per share on issuance. If the conversion price reset according to the terms is higher than the original conversion price of current year, then the conversion price will not be adjusted. At conversion, the number of ordinary shares can be converted to be calculated by applying the carrying value of the bonds to the fixed exchange rate of 29.935 then divided by the conversion price per share at the conversion date. As of July 25, 2016, the conversion price was adjusted to NT$85.3 (in dollars) per share.

(d) The bondholders may require the Company to redeem any bonds at 102.01% of the bonds' face value upon the date after two years of issuance of the bonds.

(e) The redemption terms are as follows:

i. After 30 days of issuance of the bonds, when the closing prices of the Company's stock for a period of 30 consecutive trading days are above 130% of the conversion price, the Company may redeem all of the outstanding bonds at face value.

ii. The Company may redeem all of the outstanding bonds at face value at any time when 90% of the outstanding bonds redeemed, repurchased and canceled by the bondholders exercise their conversion rights.

iii. Changes in R.O.C. Tax Law may cause the Company to incur more tax expense. In this case, the Company may redeem all of the outstanding bonds at face value.

(f) Under the terms of the bonds, all bonds redeemed (including from secondary market), matured and converted will be retired and not to be reissued. The rights and obligations of the bonds will also cease. As of July 25, 2016, the convertible bonds totaling US$15,700 thousand (face value) were repurchased and retired by the Company from the Singapore Exchange Limited.

(g) The fair value of put and call options embedded in bonds payable is separated from bonds payable and is recognized in "Financial assets or liabilities at fair value through profit or loss" in accordance with IAS 39. The annual effective interest rate of the bonds payable after separation is 2.83%.

B. The terms of the Third domestic unsecured convertible bonds issued by the Company are as follows:

(a) On August 21, 2014, the Company issued 0% coupon, 3-year domestic unsecured convertible bonds in the amount of $2,000,000. The bonds along with interest payable refund (which is 1.5% of the face value of the bond at maturity) are repayable in full by cash at face value at maturity. The bonds were traded in the Taipei Exchange since August 21, 2014.

(b) The bondholders have the right to ask for conversion of the bonds into common stock during the period from the date after one month of issuance of bonds to the maturity date, except during the mandatory stop transfer period as required by law. The converted shares have same rights and obligations as common shares. As of August 21, 2017, the bonds with face value in the amount of $2,000,000 had been converted into 29,621 thousand shares of common stocks.

(c) The conversion price is set up according to the terms of the bonds and is subject to adjustments when the anti-dilution provisions occur. The conversion price was set at NT$81.8 (in dollars) per share on issuance. If the conversion price reset according to the terms is higher than the original conversion price of current year, then the conversion price will not be adjusted. As of August 21, 2017, the conversion price was adjusted to NT$56 (in dollars) per share.

(d) Under the terms of the bonds, all bonds redeemed (including those repurchased from Taipei Exchange), matured and converted will be retired and not to be reissued. The rights and obligations of the bonds will also cease.

(e) The fair value of equity conversion options in the amount of $46,877 was separated from bonds payable and was recognized in "Capital reserve from stock options" in accordance with IAS 32. As of August 21, 2017, the balance of "Capital reserve from stock options" after adjusting the amount converted into common stock is $0. The annual effective interest rate of the bonds payable after separation is 1.38%.

C. The terms of the Fourth domestic unsecured convertible bonds issued by the Company are as follows:

(a) On April 12, 2016, the Company issued 0% coupon, 2-year and 8-month domestic unsecured convertible bonds in the amount of $1,600,000. The bonds along with interest payable refund (which is 1.3389% of the face value of the bond at maturity) are repayable in full by cash at face value at maturity. The bonds were traded in the Taipei Exchange since April 12, 2016.

(b) The bondholders have the right to ask for conversion of the bonds into common stock during the period from the date after one month of issuance of bonds to the maturity date, except during the mandatory stop transfer period as required by law. The converted shares have same rights and obligations as common shares. As of December 31, 2017, the bonds with face value in the amount of $1,071,100 had been converted into 14,624 thousand shares of common stocks.

(c) The conversion price is set up according to the terms of the bonds and is subject to adjustments when the anti-dilution provisions occur. The conversion price was set at NT$83.7 (in dollars) per share on issuance. If the conversion price reset according to the terms is higher than the original conversion price of current year, then the conversion price will not be adjusted. As of December 31, 2017, the conversion price was adjusted to NT$69.2 (in dollars) per share.

(d) Under the terms of the bonds, all bonds redeemed (including those repurchased from Taipei Exchange), matured and converted will be retired and not to be reissued. The rights and obligations of the bonds will also cease.

(e) The fair value of equity conversion options in the amount of $35,723 was separated from bonds payable and was recognized in "Capital reserve from stock options" in accordance with IAS 32. As of December 31, 2017, the balance of "Capital reserve from stock options" after adjusting the amount converted into common stock is $11,809. The annual effective interest rate of the bonds payable after separation is 1.47%.

(12) Pensions

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

(b)The amounts recognised in the balance sheet are as follows:

	December 31, 2017	December 31, 2016
Present value of defined benefit obligations	$ 55,740	$ 49,775
Fair value of plan assets	(35,033)	(33,039)
Net defined benefit liability (Shown as "other non-current liabilities")	$ 20,707	$ 16,736

(c)Changes in present value of defined benefit obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 49,775)	$ 33,039	($ 16,736)
Interest (expense) income	(896)	609	(287)
	(50,671)	33,648	(17,023)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(256)	(256)
Experience adjustments	(5,069)	-	(5,069)
	(5,069)	(256)	(5,325)
Pension fund contribution	-	1,641	1,641
Balance at December 31	($ 55,740)	$ 35,033	($ 20,707)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 45,386)	$ 31,131	($ 14,255)
Interest (expense) income	(817)	575	(242)
	(46,203)	31,706	(14,497)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(282)	(282)
Experience adjustments	(3,572)	-	(3,572)
	(3,572)	(282)	(3,854)
Pension fund contribution	-	1,615	1,615
Balance at December 31	($ 49,775)	$ 33,039	($ 16,736)

(d)The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	2017	2016
Discount rate	1.80%	1.80%
Future salary increases	3.00%	3.00%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
December 31, 2017				
Effect on present value of defined benefit obligation	($ 2,507)	$ 2,646	$ 11,353	($ 9,326)
December 31, 2016				
Effect on present value of defined benefit obligation	($ 2,277)	$ 2,407	$ 10,338	($ 8,459)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2017 and during 2016 are the same.

(f)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 amounts to $1,641.

(g)As of December 31, 2017, the weighted average duration of that retirement plan is 20 years.

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

(b)The Company's mainland China subsidiaries, Flexium Interconnect (Kunshan) Incorporation and Flexium Technology (Suzhou) Incorporation, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c)The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2017 and 2016 were $122,527 and $127,757, respectively.

(13) Share-based payment

A. Options granted during the period from January 1, 2004 through January 1, 2008

(a) The exercise price under stock-based employee compensation plan in 2007 was determined at the closing price ($17 in dollars per share) of the Company's common stock upon issuance of the stock option. If there is a change in common stock or the Company distributes cash dividend, the exercise price would be adjusted according to specific formulas. The expected vesting period is 10 years. After 2 years from the date of grant, an employee may exercise the options in accordance with certain schedules as prescribed by the employee option plan.

(b) Details of the share-based payment arrangements are as follows:

	2017		2016	
Stock options	Number of options (in thousands)	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	324	$ 8.30	532	$ 9.20
Options expired	(324)	8.30	-	-
Options exercised	-	-	(208)	9.20
Options outstanding at December 31	-	-	324	8.30
Options exercisable at December 31	-	-	324	8.30

(c) The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2016 was NT$86.69 (in dollars). For the year ended December 31, 2017, there is no comparative information.

(d) As of December 31, 2017 and 2016, the information on outstanding employee stock compensation plans is set forth below:

	Stock options outstanding at December 31, 2017			Stock options exercisable at December 31, 2017	
Exercise price (in dollars)	Number of options (in thousands)	Weighted-average expected remaining period	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
$ -	-	-	$ -	-	$ -

	Stock options outstanding at December 31, 2016			Stock options exercisable at December 31, 2016	
Exercise price (in dollars)	Number of options (in thousands)	Weighted-average expected remaining period	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
$ 8.30	324	1 month	$ 8.30	324	$ 8.30

(e) The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	January 29, 2007
Dividend yield rate	0%
Expected price volatility	56%
Risk-free interest rate	2%
Expected terms	10 years
Weighted-average fair value per share (in dollars)	42.32

B. Options granted after January 1, 2008

(a) The initial exercise price under stock-based employee compensation plan in 2010 was $46.95 (in dollars) per share. If there is a change in common stock or the Company distributes cash dividend, the exercise price would be adjusted according to specific formulas. As of December 31, 2017, the adjusted exercise price was NT$24.40 (in dollars). The expected vesting period is 10 years. After 2 years from the date of grant, an employee may exercise the options in accordance with certain schedules as prescribed by the employee option plan.

(b) Details of the employee stock options are set forth below:

	2017		2016	
Stock options	Number of options (in thousands)	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	812	$ 26.60	899	$ 29.50
Options exercised	(125)	25.16	(87)	29.42
Options outstanding at December 31	687	24.40	812	26.60
Options exercisable at December 31	687	24.40	812	26.60

(c)The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2017 and 2016 was $126.07 and $85.29, respectively.

(d)As of December 31, 2017 and 2016, the information on outstanding employee stock compensation plans is set forth below:

	Stock options outstanding at December 31, 2017			Stock options exercisable at December 31, 2017	
Exercise price (in dollars)	Number of options (in thousands)	Weighted-average expected remaining period	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
$ 24.40	687	2 years and 2 months	$ 24.40	687	$ 24.40

	Stock options outstanding at December 31, 2016			Stock options exercisable at December 31, 2016	
Exercise price (in dollars)	Number of options (in thousands)	Weighted-average expected remaining period	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
$ 26.60	812	3 years and 2 months	$ 26.60	812	$ 26.60

(e) The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	March 18, 2010
Dividend yield rate	0%
Expected price volatility	40%
Risk-free interest rate	2%
Expected terms	10 years
Weighted-average fair value per share (in dollars)	11.10~16.91

(f) Expenses incurred on equity-settled share-based payment transactions for the years ended December 31, 2017 and 2016 were both $0.

C. On October 28, 2015, the Board of Directors adopted a resolution to transfer treasury stocks purchased from the fifth purchase to employees.

(a) Information on the stock options above is as follows:

Type of arrangement	Grant date	Number of shares granted (in thousands)	Vesting conditions
Treasury stock transferred to employees	2015.10.28	4,551	Vested immediately

(b) Details of the share-based payment arrangements are as follows:

	2017		2016	
Stock options	Number of options (in thousands)	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	4,551	$ 82.70
Options exercised	-	-	(4,551)	71.60
Options outstanding at December 31	-	-	-	-
Options exercisable at December 31	-	-	-	-

(c) The fair value of stock options on the grant date was estimated under the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Weighted-average stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life (in years)	Risk-free interest rate	Fair value per share (in dollars)
Treasury stock transferred to employees	2015.10.28	$ 99.30	$ 82.70	43.14%	0.14	0.28	$ 17.59

(d) The compensation cost recognized at the grant date was $80,053. As of November 10, 2016, the shares were issued to the employees from the treasury stock depository account.

D. On February 21, 2017, the Board of Directors adopted a resolution to transfer treasury stocks purchased from the seventh purchase to employees.

(a) Information on the stock options is as follows:

Type of arrangement	Grant date	Number of shares (in thousands)	Vesting conditions
Treasury stock transferred to employees	2017.2.21	$ 1,627	Vested immediately

(b) Details of the share-based payment arrangements are as follows:

	2017		2016	
Stock options	Number of options (in thousands)	Weighted-average exercise price (in dollars)	Number of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	1,627	89.15	-	-
Options exercised	(1,627)	81.70	-	-
Options outstanding at December 31	-	-	-	-
Options exercisable at December 31	-	-	-	-

(c) The fair value of stock options on the grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Weighted-average stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected vesting period (in dollars)	Risk-free interest rate	Fair value per share (in dollars)
Treasury stock transferred to employees	2017.2.21	$ 93.40	$ 89.15	27.14	0.11	0.11%	$ 5.80

(d) The compensation cost recognised at the grant date was $9,436 and returned the stocks to employees from treasury stock depository account at December 28, 2017.

(14) Share capital

A. As of December 31, 2017, the Company's authorized capital was $3,600,000 (including 20,000 thousand shares reserved for employee stock options and convertible bonds issued by the Company), and the paid-in capital was $3,179,912, consisting of 317,991 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows: (Shares in thousands)

	2017	2016
At January 1	279,112	273,432
Employee stock options exercised	1,752	4,846
Capitalization of capital reserve	14,409	12,675
Conversion of convertible bonds	18,969	8,159
Buyback of treasury stock	(6,627)	(20,000)
At December 31	307,615	279,112

B. The stockholders at their annual stockholders' meeting on June 22, 2017 adopted a resolution to increase capital through unappropriated retained earnings of $144,092. The effective date of the capital increase was on August 9, 2017. This issuance was approved by the Financial Supervisory Commission, Executive Yuan and registered with the relevant Authority.

C. The stockholders at their annual stockholders' meeting on June 28, 2016 adopted a resolution to increase capital through capital surplus of $126,748. The effective date of capital increase was on September 14, 2016. This issuance was approved by the Financial Supervisory Commission, Executive Yuan and registered with the relevant Authority.

D. The Company issued common stocks in the amount of $1,250 for the exercise of employee stock options in 2017, and the registration had been completed.

E. The Company issued common stock in the amount of $2,950 for the exercise of employee stock options in 2016 and the registration has been completed.

F. Convertible bonds in the amount of $43,526 were converted from convertible bonds in 2017. Those shares had been registered with the relevant Authority.

G. Convertible bonds in the amount of $81,517 were requested to convert to common stocks in 2016. As of December 31, 2016, stock capital collected in advance amounting to $4,281 had not been registered with the relevant Authority.

H. Treasury shares

(a)Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2017	
Name of company holding the shares	Reason for reacquisition	Number of shares in thousands	Carrying amount
The Company	For conversion of equity	10,376	$ 972,002

		December 31, 2016	
Name of company holding the shares	Reason for reacquisition	Number of shares in thousands	Carrying amount
The Company	For conversion of equity	19,993	$ 1,440,297

(b)Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c)Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d)Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees or be distributed for equity transfer within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e)On August 6, 2015, the Board of Directors resolved to repurchase 10 million shares of the Company and transferred to employees, all the procedures were in line with related regulations. As of December 31, 2017, the Company repurchased 4,551 thousand shares and reissued 4,551 shares to the employees.

(f)On December 24, 2015, the Board of Directors resolved to repurchase 20 million shares of the Company and transferred the shares to employees, all the procedures were in line with related regulations. In addition, on February 16, 2016, the Board of Directors resolved to change its motivation of repurchasing treasury shares so that the Company distributed treasury shares for equity transfer, as of December 31, 2017, the Company repurchased 20 million shares, including 14,624 thousand shares were distributed for equity transfer.

(g)The shares which were repurchased by the Company and transferred to employees amounted to 9 million shares in accordance with related regulations, and as resolved by the Board of Directors on December 20, 2016. As of December 31, 2017, the Company has repurchased the Company's shares and transferred to employees in the amount of 1,627 thousand shares.

(h)To maintain the Company's credit and the stockholders' equity, the Board of Directors during their meeting resolved to repurchase the Company's shares in the amount of 5 million shares that in accordance with related regulations on November 1, 2017. In addition, the Board of Directors resolved to change the purpose of repurchased shares for equity transfer on December 21, 2017. As of December 31, 2017, the Company has repurchased its own shares in the amount of 5 million shares.

(I)Information on treasury shares reissued to employees is provided in Note 6(13).

(15) Capital surplus

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

	2017				
	Share premium	Treasury share transactions	Employee restricted shares	Stock options	Total
At January 1, 2017	$ 4,259,077	$ 194,910	$ 9,536	$ 41,313	$ 4,504,836
Employee stock options exercised	3,293	(3,076)	(10,835)	-	(10,618)
Capitalisation of capital surplus	(144,092)	-	-	-	(144,092)
Capital surplus used to issue cash to shareholders	(576,370)	-	-	-	(576,370)
Share-based payment transactions	-	-	9,436	-	9,436
Conversion option of convertible bonds	239,766	(3,211)	-	(29,504)	207,051
At December 31, 2017	$ 3,781,674	$ 188,623	$ 8,137	$ 11,809	$ 3,990,243

	2016				
	Share premium	Treasury share transactions	Employee restricted shares	Stock options	Total
At January 1, 2016	$ 4,434,520	$ 166,338	$ 90,558	$ 17,891	$ 4,709,307
Employee stock options exercised	2,493	28,573	(81,022)	-	(49,956)
Capitalisation of capital surplus	(126,748)	-	-	-	(126,748)
Capital surplus used to issue cash to shareholders	(506,993)	-	-	-	(506,993)
Conversion option of convertible bonds	455,805	(1)	-	23,422	479,226
At December 31, 2016	$ 4,259,077	$ 194,910	$ 9,536	$ 41,313	$ 4,504,836

B. For details of capital reserve from stock options, please refer to Note 6(11).

(16) Retained earnings

A. Pursuant to the R.O.C. Company Law, the annual net income should be used initially to cover any accumulated deficit; thereafter 10% of the annual net income should be set aside as legal reserve until the balance of legal reserve is equal to that of issued share capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stock, or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve of the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and the 10% of the appropriated as special reserve pursuant to Article 41 of Securities and Exchange Law. The remaining income and prior years' unappropriated retained earnings shall be distributed in accordance with the appropriation proposed by the Board of Directors based on the financial position and economic development of 2017 and shall be resolved by the stockholders.

C. The appropriation of earnings should be resolved by the stockholders. Cash dividends shall not be less than 5% of the total dividends distributed. However, if cash dividends per share are less than $0.1, the Company may decide not to distribute cash dividends but to distribute stock dividends instead. If there is accumulated deficit from previous or current year, special reserve should be set aside from previous unappropriated earnings before appropriation of earnings.

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The Company resolved that total dividends for the distribution of earnings for 2016 was $633,742 ($2.5 (in dollars) per share). On June 22, 2017, the shareholders resolved that total dividends for the distribution of earnings for 2016 was $720,462 ($2.5 (in dollars) per share).

(17) Other equity items

	2017		
	Available-for-sale investment	Currency translation	Total
At January 1	$ 58,616	($ 132,038)	($ 73,422)
Revaluation	(42,116)	-	(42,116)
Currency translation differences:			
–Group	-	(96,716)	(96,716)
At December 31	$ 16,500	($ 228,754)	($ 212,254)

	2016		
	Available-for-sale investment	Currency translation	Total
At January 1	$ -	$ 181,316	$ 181,316
Revaluation	58,616	-	58,616
Currency translation differences:			
–Group	-	(313,354)	(313,354)
At December 31	$ 58,616	($ 132,038)	($ 73,422)

(18) Other income

	Year ended December 31, 2017	Year ended December 31, 2016
Other revenues	$ 145,186	$ 51,447
Rent income	11,081	4,140
Dividend income	13,031	-
Interest income:		
Interest income from bank deposits	81,654	82,620
Other interest income	15,869	5,681
	$ 266,821	$ 143,888

(19) Other gains and losses

	Year ended December 31, 2017	Year ended December 31, 2016
Net (loss) gain on financial assets/ liabilities at fair value through profit or loss	($ 10,512)	$ 9,156
Net currency exchange loss	(274,140)	(201,889)
Loss on disposal of property, plant and equipment	(61,224)	(4,137)
Gains on disposal of investments	51,685	-
Others	(40,453)	(6,547)
	($ 334,644)	($ 203,417)

(20) Finance costs

	Year ended December 31, 2017	Year ended December 31, 2016
Interest expense:		
Convertible bonds	$ 15,560	$ 33,072
Imputed interest on deposits	36	-
Imputed interest on lease payable	661	-
	$ 16,257	$ 33,072

(21) Expenses by nature

	Year ended December 31, 2017	Year ended December 31, 2016
Employee benefit expense	$ 3,333,260	$ 2,529,707
Depreciation charge on property, plant and equipment	1,007,998	969,860
Depreciation charge on investment property	12,063	4,021
Amortisation on intangible assets	27,739	28,033

(22) Employee benefit expense

	Year ended December 31, 2017	Year ended December 31, 2016
Wages and salaries	$ 2,942,720	$ 2,173,663
Employee stock options	9,436	-
Labor and health insurance fees	114,828	99,378
Pension costs	122,814	127,999
Other personnel expenses	143,462	128,667
	$ 3,333,260	$ 2,529,707

A. A ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2017 and 2016, employees' compensation was accrued at $93,000 and $73,000, respectively; directors' and supervisors' remuneration was both accrued at $15,000. In 2017, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on certain proportion of distributable profit of current year as of the end of reporting period. Employees' compensation and directors' and supervisors' remuneration of 2016 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2016 financial statements. Information about employees' compensation and directors' and supervisors' remuneration of the Company resolved by the Board of Directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31, 2017	Year ended December 31, 2016
Current tax on profits for the year	$ 662,917	$ 416,218
Tax on undistributed earnings	132,335	184,916
Over estimation of prior year's income tax	(119,587)	(63,271)
Total current tax	675,665	537,863
Deferred tax:		
Origination and reversal of temporary differences	144,285	146,707
Total deferred tax	144,285	146,707
Income tax expense	$ 819,950	$ 684,570

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2017	Year ended December 31, 2016
Tax calculated based on profit before tax and statutory tax rate	$ 788,903	$ 618,925
Effect from items adjusted in accordance with tax regulation	18,299	(56,000)
Tax on undistributed earnings	132,335	184,916
Over estimation of prior year's income tax	(119,587)	(63,271)
Income tax expense	$ 819,950	$ 684,570

Note：The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	Year ended December 31, 2017				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Temporary differences:					
－Deferred tax assets:					
Allowance for sales returns and discounts	$ 7,303	($ 3,723)	$ -	$ -	$ 3,580
Allowance for obsolescence and decline in market value of inventories	2,323	18,415	-	-	20,738
Unrealised gross profit	13,965	5,166	-	-	19,131
Unrealised compensated absences	1,305	1,276	-	-	2,581
Cost of bond issuance	838	(532)	-	-	306
Unrealized exchange loss	50,714	(50,714)	-	-	-
Unrealised estimated expense	-	2,532	-	-	2,532
Others	43	(21)	-	-	22
	76,491	(27,601)	-	-	48,890
－Deferred tax liabilities:					
Gain on foreign investment accounted for under equity method	(466,390)	(129,653)	-	-	(596,043)
Pension expense	(894)	(230)	-	-	(1,124)
Unrealised exchange gain	(12,729)	12,269	-	-	(460)
Unrealised estimated expense	(930)	930	-	-	-
	(480,943)	(116,684)	-	-	(597,627)
	($ 404,452)	($ 144,285)	$ -	$ -	($ 548,737)

	Year ended December 31, 2016				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Temporary differences:					
—Deferred tax assets:					
Allowance for sales returns and discounts	$ 16,101	($ 8,798)	$ -	$ -	$ 7,303
Allowance for obsolescence and decline in market value of inventories	5,146	(2,823)	-	-	2,323
Unrealised gross profit	65,957	(51,992)	-	-	13,965
Unrealised compensated absences	1,294	11	-	-	1,305
Cost of bond issuance	471	367	-	-	838
Unrealised exchange loss	35,609	15,105	-	-	50,714
Others	-	43	-	-	43
	124,578	(48,087)	-	-	76,491
—Deferred tax liabilities:					
Gain on foreign investment accounted for under equity method	(381,651)	(84,739)	-	-	(466,390)
Pension expense	(660)	(234)	-	-	(894)
Unrealized exchange gain	-	(12,729)	-	-	(12,729)
Unrealised estimated expense	-	(930)	-	-	(930)
Others	(12)	12	-	-	-
	(382,323)	(98,620)	-	-	(480,943)
	($ 257,745)	($ 146,707)	$ -	$ -	($ 404,452)

D. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority and there were no disputes existing between the Company and the Tax Authority.

E. Unappropriated retained earnings:

	December 31, 2017	December 31, 2016
Earnings generated in and after 1998	$ 10,476,420	$ 8,372,889

F. As of December 31, 2016, the balance of the imputation tax credit account was $1,508,092. The creditable tax rate was 21.43% for the year ended December 31, 2016.

The imputation system is abolished and became effective retrospectively on January 1, 2018, by virtue of the amendment to Income Tax Act which was promulgated by the president on February 7, 2018.

(24) Earnings per share

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,056,836	303,555	$ 10.07
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,056,836	303,555	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	616	
Employees' compensation	-	1,067	
Convertible bonds	12,915	14,577	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,069,751	319,815	$ 9.60

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,275,180	284,605	$ 7.99
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,275,180	284,605	
Assumed conversion of all dilutive potential ordinary shares			
Employees' stock options	-	986	
Employees' compensation	-	981	
Convertible bonds	16,724	34,666	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,291,904	321,238	$ 7.13

The above weighted-average outstanding common shares have been adjusted for capitalization of capital reserve in 2016 retroactively.

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Year ended December 31, 2017	Year ended December 31, 2016
Purchase of property, plant and equipment (including prepayments for business facilities)	$ 2,475,191	$ 1,065,545
Add: opening balance of payable on equipment	267,074	187,829
Less: ending balance of payable on equipment	(1,000,496)	(267,074)
Cash paid during the year	$ 1,741,769	$ 986,300

B. Financing activities with no cash flow effects:

	Year ended December 31, 2017	Year ended December 31, 2016
Convertible bonds being converted to capital stocks and capital surplus	$ 1,299,341	$ 529,777

7. RELATED PARTY TRANSACTIONS

Key management compensation

	Year ended December 31, 2017	Year ended December 31, 2016
Short-term employee benefits	$ 65,510	$ 68,434
Post-employment benefits	175	168
Share-based payments	4,640	-
	$ 70,325	$ 68,602

8. PLEDGED ASSETS

None.

9. COMMITMENTS AND CONTINGENT LIABILITIES

(1) As of December 31, 2017 and 2016, the Group issued promissory notes amounting to $1,070,463 and $1,090,223 for loans, sales on credit and forward exchange contracts, respectively.

(2) As of December 31, 2017 and 2016, total unused letters of credit for the import of machinery and equipment was $22,628 and $0, respectively.

(3) As of December 31, 2017 and 2016, the Group entered into several contracts for construction and acquisition of machinery with total values of $626,658 and $746,012, respectively, and the unpaid balance on these contracts amounted to $289,884 and $407,761, respectively.

10. SIGNIFICANT CATASTROPHE

None.

11. SUBSEQUENT EVENTS

(1) The amendment to Income Tax Act was promulgated by the President of the Republic of China on February 7, 2018 raising the profit-seeking enterprise income tax rate will be raised from 17% to 20%. This will increase the Company's deferred tax assets and deferred tax liabilities, as of December 31, 2017, by $8,628 and $105,464, respectively.

(2) The proposal in relation to the issuance of the third unsecured overseas convertible bonds of US$120,000 thousand with 0% coupon rate and three-year maturity was approved by the Board of Directors on February 7, 2018.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total debt is calculated as 'current and non-current liabilities' as shown in the consolidated balance sheet.

During 2017, the Group's strategy, which was unchanged from 2016, was to maintain the balance of the capital structure. The gearing ratio at December 31, 2017 and 2016 were as follows:

	December 31, 2017	December 31, 2016
Total liabilities	$ 12,865,825	$ 7,986,663
Total assets	$ 30,726,233	$ 23,516,565
Gearing ratio	42	34

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current financial assets, other non-current financial assets, refundable deposits (shown under "other non-current assets, other"), accounts payable, other payables, bonds payable and guarantee deposits received (shown under "other non-current liabilities")) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

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

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

A. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

B. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

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

	December 31, 2017					
	Foreign currency			Sensitivity analysis		
	amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 364,996	29.8480	$ 10,894,401	1%	$ 108,944	$ -
USD:RMB	231,360	4.5680	6,905,633	1%	69,056	-
Long-term equity investments accounted for under equity method						
USD:NTD	181,141	29.8480	5,406,707	-	-	-
Financial liabilities						
Monetary items						
USD:NTD	253,209	29.8480	7,557,782	1%	(75,578)	-
USD:RMB	234,919	4.5680	7,011,862	1%	(70,119)	-

	December 31, 2016					
	Foreign currency			Sensitivity analysis		
	amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 256,462	32.2790	$ 8,278,337	1%	$ 82,783	$ -
USD:RMB	108,934	4.6532	3,516,281	1%	35,163	-
Long-term equity investments accounted for under equity method						
USD:NTD	129,035	32.2790	4,165,120	-	-	-
Financial liabilities						
Monetary items						
USD:NTD	113,282	32.2790	3,656,630	1%	(36,566)	-
USD:RMB	107,634	4.6532	3,474,318	1%	(34,743)	-

D.The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2017 and 2016 amounted to $274,140 and $201,889, respectively.

Interest rate risk

The Group's issued zero coupon liability financial instruments with embedded conversion options and call options. The fair value of the financial instrument is exposed under the risk of market fluctuation. There was no cash flow risk arising from significant changes in interest rate after assessment.

Price risk

The Group's investment in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. However, the Group has set up stop-loss point for those instruments. Therefore, the Group does not expect to be exposed to material market risk.

(b)Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Credit risk arises from cash and cash equivalents, derivative financial instruments, as well as credit exposures to customers, including outstanding receivables.

ii. No credit limits were exceeded during the reporting periods, and the counterparties have good credit rating. Thus, management does not expect any significant losses from non-performance by these counterparties.

iii.Please refer to Note 6(4) for credit quality information on financial assets that are neither past due nor impaired and analysis on financial assets that are past due but not impaired.

(c)Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities.

ii.Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts, time deposits, bonds with resale agreement, structured certificates of deposit and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2017 and 2016, the Group held money market position of $10,588,959 and $11,444,235, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

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

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Accounts payable	$ 7,396,853	$ -	$ -
Other payables	3,607,951	-	-
Bonds payable	535,982	-	-

December 31, 2016	Less than 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities:			
Accounts payable	$ 3,431,568	$ -	$ -
Other payables	1,711,281	-	-
Bonds payable	242,585	1,620,915	-

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

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(7).

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in certain derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2017 and 2016 is as follows:

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss equity securities	$ 22,365	$ -	$ -	$ 22,365
Financial assets designated as at fair value through profit or loss				
Structured certificates of deposit	-	1,598,788	-	1,598,788
Available-for-sale financial assets equity securities	43,211	-	-	43,211
	$ 65,576	$ 1,598,788	$ -	$ 1,664,364

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss equity securities	$ 39,804	$ -	$ -	$ 39,804
Available-for-sale financial assets equity securities	174,612	-	-	174,612
	$ 214,416	$ -	$ -	$ 214,416

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

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

	Listed shares
Market quoted price	Closing price

(b)The assessment of structured certificates of deposit is calculated based on the product revenue that is provided by counterparties.

E. For the years ended December 31, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. For the years ended December 31, 2017 and 2016, there was no transfer into or out from Level 3.

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

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 3.

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

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

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

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

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Group operates business in manufacturing and sale of flexible PCBs. The Company allocates resources and assesses performance of the Group as a whole, and has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Group evaluates the performances of the operating segments based on their net income (loss).

(3) Information about segment profit or loss, assets and liabilities

The segment information is provided to the Chief Operating Decision-Maker for the reportable segments. Please refer to the balance sheet and statement of comprehensive income.

(4) Reconciliation for segment income (loss)

The revenue from customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the Chief Operating Decision-Maker with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Revenue from external customers is mainly from sales of flexible printed circuit boards and related raw materials and supplies.

(6) Revenue information by geographic areas

Revenue information by geographic areas of the Group for 2017 and 2016 is shown below:

	Years ended December 31,			
	2017		2016	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Taiwan	$ 1,686,990	$ 3,014,150	$ 1,041,557	$ 1,576,705
China	7,810,246	3,693,972	4,271,451	4,295,199
Other areas of Asia	1,454,059	-	2,378,220	-
Europe	14,895,108	60	11,405,055	201
	$ 25,846,403	$ 6,708,182	$ 19,096,283	$ 5,872,105

Revenue recognition is based on clients' geographic locations and non-current assets are classified based on their locations.

(7) Information on major customers

Information on major customers of the Group for 2017 and 2016 is shown below:

	Year ended December 31, 2017		Year ended December 31, 2016
Customer	Revenue	Customer	Revenue
A	$ 14,718,449	A	$ 11,305,605

Flexium Interconnect Inc.

Loans to others

Year ended December 31, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2017 (Note 3)	Balance at December 31, 2017 (Note 9)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 8)	Footnote
0	FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	Other receivables - related parties	Yes	$ 1,692,754	$ 846,377	$ -	1.1	Note 4	$ -	Company operation	$ -	-	$ -	$ 1,786,041	$ 7,144,163	-
0	FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Other receivables - related parties	Yes	3,385,509	1,692,754	-	1.1	Note 5	13,499,340	Purchasing and selling amount	-	-	-	3,572,082	7,144,163	-
0	FLEXIUM INTERCONNECT INC.	FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	Other receivables - related parties	Yes	846,377	846,377	-	1.1	Note 4	-	Company operation	-	-	-	1,786,041	7,144,163	
1	GRANDPLUS ENTERPRISES LTD.	SUCCESS GLORY INVESTMENT LTD.	Other receivables - related	Yes	1,692,754	1,692,754	-	1.1	Note 4	-	Company operation	-	-	-	-	-	Note 10
2	SUCCESS GLORY INVESTMENT LTD.	FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	Other receivables - related parties	Yes	1,692,754	1,692,754	-	1.1	Note 4	-	Company operation	-	-	-	-	-	Note 10

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables associates, receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others for the year ended December 31, 2017.

Note 4: Fill in purpose of loan when nature of loan is for short-term financing.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing and is 20% of the Company's net asset based on the latest audited or reviewed consolidated financial statements; limit on loans to a single party with short-term financing is 10% of the Company's net asset based on the latest audited or reviewed consolidated financial statements.

Note 8: In accordance with the Company's "Procedures for Provision of Loans", ceiling on total loans is 40% of the Company's net assets.

Note 9: Ending balance of loans at the balance sheet date is the limit approved by the Board of Directors.

Note 10: In accordance with the Company's "Procedures for Provision of Loans", limit on loans to a company of which the Company directly or indirectly holds 100% of its voting shares is not limited.

Flexium Interconnect Inc.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2017

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2017				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
FLEXIUM INTERCONNECT INC.	CHANG WAH ELECTROMATERIALS INC.(Stock)	None.	Available-for-sale financial assets - current	300,074	$ 43,211	Note 5	$ 43,211	-
FLEXIUM INTERCONNECT INVESTMENT CO., LTD.	MYCENAX BIOTECH INC. (Stock)	None.	Financial assets at fair value through profit or loss - current	374,000	9,855	Note 5	9,855	-
FLEXIUM INTERCONNECT INVESTMENT CO., LTD.	MEDEON BIODESIGN, INC. (Stock)	None.	Financial assets at fair value through profit or loss - current	150,000	12,510	Note 5	12,510	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39 "Financial Instruments: Recognition and Measurement."

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

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

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

Note 5: Not applicable since the percentage of ownership is less than 5%.

Flexium Interconnect Inc.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2017

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2017		Addition (Note 3、6)		Disposal (Note 3)				Balance as at December 31, 2017	
Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
FLEXIUM INTERCONNECT INC.	Proceeds from issuing shares	Investments accounted for under equity method	BOOM BUSINESS LIMITED	Subsidiary	-	$ -	20,000,000	$ 606,024	-	$ -	$ -	$ -	20,000,000	$ 606,024
BOOM BUSINESS LIMITED	Proceeds from issuing shares	Investments accounted for under equity method	CLEAR SUCCESS GLOBAL LIMITED	Subsidiary	-	-	20,000,000	606,024	-	-	-	-	20,000,000	606,024
CLEAR SUCCESS GLOBAL LIMITED	Proceeds from issuing shares	Investments accounted for under equity method	FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	Subsidiary	-	-	Note 5	606,024	-	-	-	-	Note 5	606,024

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

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

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

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: It is not applicable for Flexium Technology (Suzhou) Incorporation because it is a limited company.

Note 6: The amount includes capital increase for the year, share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method as well as exchange differences on translation of foreign financial statements.

Flexium Interconnect Inc.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2017

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Sales	($ 3,168,963)	12	180 days	Note 1	Note 1	$ 1,838,631	19	Note 8
GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	The Company	Purchases	3,168,963	13	180 days	Note 1	Note 1	(1,838,631)	21	Note 8
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Subsidiary	Sales	(3,168,963)	13	180 days	Note 3	Note 3	1,838,631	21	Note 8
CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Purchases	3,168,963	23	180 days	Note 3	Note 3	(1,838,631)	31	Note 8
CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Sales	(3,168,963)	23	180 days	Note 4	Note 4	1,838,631	31	Note 8
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	Subsidiary	Purchases	3,168,963	16	180 days	Note 4	Note 4	(1,838,631)	22	Note 8
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	Subsidiary	Sales	(10,352,022)	46	90 days	Note 5	Note 5	4,007,142	58	Note 8
CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Purchases	10,352,022	76	90 days	Note 5	Note 5	(4,007,142)	69	Note 8
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHOSEN GLORY LIMITED	Subsidiary	Sales	(11,684,059)	52	90 days	Note 5	Note 5	2,709,834	39	
CHOSEN GLORY LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Purchases	11,684,059	100	90 days	Note 5	Note 5	(2,709,834)	100	

Flexium Interconnect Inc.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2017

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Sales	($ 10,352,022)	76	90 days	Note 6	Note 6	$ 4,007,142	69	Note 8
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Subsidiary	Purchases	10,352,022	41	90 days	Note 6	Note 6	(4,007,142)	47	Note 8
CHOSEN GLORY LIMITED	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Sales	(11,684,059)	100	90 days	Note 7	Note 7	2,709,834	100	
GRANDPLUS ENTERPRISES LTD.	CHOSEN GLORY LIMITED	Subsidiary	Purchases	11,684,059	46	90 days	Note 7	Note 7	(2,709,834)	32	
GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	The Company	Sales	(22,036,081)	87	90 days	Note 2	Note 2	6,716,976	79	Note 8
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Purchases	22,036,081	92	90 days	Note 2	Note 2	(6,716,976)	91	Note 8
FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Sales	(442,811)	100	90 days	Note 9	Note 9	96,715	21	

Note 1: In the sales to related parties, the price of work in progress is based on mutual agreement. The price cannot be compared with regular sales due to a lack of similar counterparties. The price of materials and supplies is determined by adding the margin to the cost. The collection period to third parties is approximately 180 days after the end of each month while those to related parties are 90~120 days after the end of each month.

Note 2: The transaction prices to related parties are similar with those to third parties. The collection periods to third parties are 60 to 90 days after the end of each month while those to related parties are 90 days after the end of each month.

Note 3: The transaction is sales from GRANDPLUS ENTERPRISES LTD. to CHAMPION BEYOND LIMITED, and the collection period is approximately 180 days after the end of each month.

Note 4: The transaction is sales from CHAMPION BEYOND LIMITED to FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION, and the collection period is approximately 180 days after the end of each month.

Note 5: The transaction is sales from FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION to CHAMPION BEYOND LIMITED and CHOSEN GLORY LIMITED, and the collection period is approximately 90 days after the end of each month.

Note 6: The transaction is sales from CHAMPION BEYOND LIMITED to GRANDPLUS ENTERPRISES LTD., and the collection period is approximately 90 days after the end of each month.

Note 7: The transaction is sales from CHOSEN GLORY LIMITED to GRANDPLUS ENTERPRISES LTD., and the collection period is approximately 90 days after the end of each month.

Note 8: The purchase (sales) amount is contained the eliminates to sales revenue and operating costs (merchandise purchase) arising from raw material processing, which are provided by the Company through the offshore company that is in the third place to the subsidiary, FLEXIUM INTERCONNECT(KUNSHAN). The eliminated amount was 3,168,963 for 2017.

Note 9: The transaction is sales from FLEXIUM TECHNOLOGY(SUZHOU) INCORPORATION to FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION, and the collection period is approximately 90 days after the end of each month.

Flexium Interconnect Inc.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2017

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2017	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Accounts receivable $1,838,631	2.08	$ -	-	$ 537,264	$ -
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Subsidiary	Accounts receivable $1,838,631	2.08	-	-	537,264	-
CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Subsidiary	Accounts receivable $1,838,631	2.08	-	-	537,264	-
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	Subsidiary	Accounts receivable $4,007,142	3.58	-	-	1,432,704	-
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHOSEN GLORY LIMITED	Subsidiary	Accounts receivable $2,709,834	5.50	-	-	2,656,472	-
CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Accounts receivable $4,007,142	3.58	-	-	1,432,704	-
CHOSEN GLORY LIMITED	GRANDPLUS ENTERPRISES LTD.	Subsidiary	Accounts receivable $2,709,834	5.50	-	-	2,656,472	-
GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	The Company	Accounts receivable $6,716,976	4.39	-	-	4,089,176	-

Flexium Interconnect Inc.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2017

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	1	Sales	$ 3,168,963	Note 4	12
0	FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	1	Accounts receivable	1,838,631	Note 4	6
1	GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	3	Sales	3,168,963	Note 6	12
1	GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	3	Accounts receivable	1,838,631	Note 6	6
1	GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	2	Sales	22,036,081	Note 5	85
1	GRANDPLUS ENTERPRISES LTD.	FLEXIUM INTERCONNECT INC.	2	Accounts receivable	6,716,976	Note 5	22
2	CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	3	Sales	3,168,963	Note 7	12
2	CHAMPION BEYOND LIMITED	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	3	Accounts receivable	1,838,631	Note 7	6
2	CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	3	Sales	10,352,022	Note 8	40
2	CHAMPION BEYOND LIMITED	GRANDPLUS ENTERPRISES LTD.	3	Accounts receivable	4,007,142	Note 8	13
3	CHOSEN GLORY LIMITED	GRANDPLUS ENTERPRISES LTD.	3	Sales	11,684,059	Note 9	45
3	CHOSEN GLORY LIMITED	GRANDPLUS ENTERPRISES LTD.	3	Accounts receivable	2,709,834	Note 9	9
4	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	3	Sales	10,352,022	Note 10	40
4	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHAMPION BEYOND LIMITED	3	Accounts receivable	4,007,142	Note 10	13
4	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHOSEN GLORY LIMITED	3	Sales	11,684,059	Note 10	45
4	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	CHOSEN GLORY LIMITED	3	Accounts receivable	2,709,834	Note 10	9
5	FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	3	Sales	442,811	Note 11	2

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is "0".

(2) The subsidiaries are numbered in order starting from "1".

Flexium Interconnect Inc.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2017

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Note 2: Relationship between transaction company and counterparty is classified into the following three categories (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: In the sales to related parties, the price of work in progress is based on mutual agreement. The price cannot be compared with regular sales due to a lack of similar counterparties. The price of materials and supplies is determined by adding the margin to the cost. The collection period to third parties is approximately 180 days after the end of each month while those to related parties are 90~120 days after the end of each month.

Note 5: The processing prices were determined in accordance with mutual agreements. The collection period to third parties is 60 to 90 days after the end of each month while those to related parties is 90 days after the end of each month.

Note 6: The transaction is sales from GRANDPLUS ENTERPRISES LTD. to CHAMPION BEYOND LIMITED, and the collection period is approximately 180 days after the end of each month.

Note 7: The transaction is sales from CHAMPION BEYOND LIMITED to FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION, and the collection period is approximately 180 days after the end of each month.

Note 8: The transaction is sales from CHAMPION BEYOND LIMITED to GRANDPLUS ENTERPRISES LTD., and the collection period is approximately 90 days after the end of each month.

Note 9: The transaction is sales from CHOSEN GLORY LIMITED to GRANDPLUS ENTERPRISES LTD., and the credit term is approximately 90 days after the end of each month.

Note 10: The transaction is sales from FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION to CHAMPION BEYOND LIMITED and CHOSEN GLORY LIMITED, and the collection period is approximately 90 days after the end of each month.

Note 11: The transaction is sales from FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION to FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION, and the credit term is approximately 90 days after the end of each month.

Flexium Interconnect Inc.
Information on investees
Year ended December 31, 2017

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at December 31, 2017: Number of shares	Shares held as at December 31, 2017: Ownership (%)	Shares held as at December 31, 2017: Book value	Net profit (loss) of the investee for the year ended December 31, 2017 (Note 2(2))	Investment income(loss) recognised by the Company for the year ended December 31, 2017 (Note 2(3))	Footnote
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT INC.	British Virgin Islands	General investments	$ 975, 567	$ 975, 567	31, 173, 060	100	$ 3, 295, 357	$ 637, 574	$ 557, 611	
FLEXIUM INTERCONNECT INC.	UFLEX TECHNOLOGY CO., LTD.	British Virgin Islands	General investments	468, 199	468, 199	15, 849, 299	100	1, 484, 371	222, 297	194, 362	
FLEXIUM INTERCONNECT INC.	FLEXIUM INTERCONNECT INVESTMENT CO., LTD.	Taiwan	General investments	50, 000	50, 000	5, 000, 000	100	28, 193	(13, 572)	(13, 572)	
FLEXIUM INTERCONNECT INC.	BOOM BUSINESS LIMITED	Samoa	General investments	606, 024	-	20, 000, 000		626, 979	10, 690	10, 690	
FLEXIUM INTERCONNECT INC.	GRANDPLUS ENTERPRISES LTD.	Samoa	General investments	62, 001	62, 001	1, 880, 578	100	388	(58)	(58)	
FLEXIUM INTERCONNECT INC.	SUCCESS GLORY INVESTMENTS LTD.	Samoa	General investments	859, 357	859, 357	28, 010, 000	100	3, 549, 061	641, 199	641, 199	
UFLEX TECHNOLOGY CO., LTD.	FLEXIUM INTERCONNECT AMERICA LLC.	U.S.A	Marketing, customer support and supporting technical services	7, 282	7, 282	-	100	6, 311	(982)	(982)	
GRANDPLUS ENTERPRISES LTD.	CHOSEN GLORY LIMITED	Samoa	General investments	-	-	-	100	-	-	-	
GRANDPLUS ENTERPRISES LTD.	CHAMPION BEYOND LIMITED	Samoa	General investments	-	-	-	100	22	22	22	
GRANDPLUS ENTERPRISES LTD.	FOREVER MASTER LIMITED	Samoa	General investments	-	-	-	100	8	8	8	
BOOM BUSINESS LIMITED	CLEAR SUCCESS GLOBAL LIMITED	Samoa	General investments	606, 024	-	20, 000, 000	100	626, 979	10, 690	10, 690	

Note 1: If a public company is equipped with an overseas holding company and takes the consolidated financial report as the main financial report according to the local laws, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1) The columns of "Investee", "Location", "Main business activities", "Initial investment amount" and "Shares held as at December 31, 2017" should fill orderly in the Company' s (public company's) information on investees and every directly or indirectly controlled investees' investment information, and note the relationship between the Company (public company) and its investee each (ex. Direct subsidiary or indirect subsidiary) in the "Footnote" column.

(2) The "Net profit (loss) of the investee for the year ended December 31, 2017" column should fill in amount of net profit (loss) of the investee for this period.

(3) The "Investment income (loss) recognised by the Company for the year ended December 31, 2017" column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Investment income (loss) recognised by the Company for the year ended December 31, 2017 included elimination of unrealised gain (loss).

Flexium Interconnect Inc.

Information on investments in Mainland China

Year ended December 31, 2017

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee as of December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 2)	Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
FLEXIUM INTERCONNECT(KUNSHAN) INCORPORATION	Research, development, manufacture and sale of new-type electronic components and devices such as flexible printed circuit boards.	$ 946, 506	2	$ 1, 308, 805	$ -	$ -	$ 1, 308, 805	$ 858, 943	100	$ 858, 943	$ 5, 108, 306	$ -	Note 2、4
FLEXIUM TECHNOLOGY (SUZHOU) INCORPORATION	Research, development, manufacture and sale of new-type electronic components and devices such as flexible printed circuit boards.	596, 960	2	-	596, 960	-	596, 960	10, 690	100	10, 690	626, 979	-	Note 2、5

Note 1: Investment methods are classified into following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others.

Note 2: The financial statements are audited and attested by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars. Translated at exchanges rate of NT$29.848 US$1.00.

Note 4: The Group invested in the company through FLEXIUM INTERCONNECT INC., SUCCESS GLORY INVESTMENTS LTD., and UFLEX TECHNOLOGY CO.,LTD.

Note 5: The Group invested in the compnay through BOOM BUSINESS LIMITED and CLEAR SUCCESS GLOBAL LIMITED.

Flexium Interconnect Inc.

Information on investments in Mainland China

Year ended December 31, 2017

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
FLEXIUM INTERCONNECT INC.	$ 1, 905, 765	$ 2, 256, 843	$ –

Note: In accordance with 'Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China' amended by Ministry of Economic Affairs effective on August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

Flexium Interconnect Inc.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2017

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase) Amount	Sale (purchase) %	Property transaction Amount	Property transaction %	Accounts receivable (payable) Balance at December 31, 2017	Accounts receivable (payable) %	Provision of endorsements/guarantees or collaterals Balance at December 31, 2017	Provision of endorsements/guarantees or collaterals Purpose	Financing Maximum balance during the year ended December 31, 2017	Financing Balance at December 31, 2017	Financing Interest rate	Financing Interest during the year ended December 31, 2017	Others	
FLEXIUM INTERCONNECT (KUNSHAN) INCORPORATION	($ 22,036,081)	92	$ -	-	($ 6,716,976)	91	$ -	-	$ -	$ -	-	$ -	Other expenses	76,324
	3,168,963	12			1,838,631	19							Other receivables	106,654
													Other payables	31,559

Note: The Company has reversed the sales revenue and operating cost (merchandise purchase) arising from raw material processing which are provided by the Company through the offshore company that is in the third place to the subsidiary, FLEXIUM INTERCONNECT(KUNSHAN), when preparing the financial statements. The eliminated amount for the year ended December 31, 2017 was $3,168,963.