ALL RING TECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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

All Ring Tech Co., Ltd.
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2018, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

All Ring Tech Co., Ltd.
February 26, 2019

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of All Ring Tech Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of All Ring Tech Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other independent accountants, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and 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.

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

Cutoff of revenue

Description

Refer to Note 4(26) for accounting policies on revenue recognition.

The sales revenue of the Group is primarily from the assembly and sale of equipment. Based on the terms of the sale agreement, sales revenue is recognised when the control of the goods sold are transferred to the customer after the installation of the goods or the acceptance of the goods by the customer, being when the goods are delivered to the client, the client has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the client’s acceptance of the goods. As the transfer of control of the goods to the customer in a sale transaction involves manual process and judgement, there exists a risk of material misstatement that may arise from improper revenue recognition for transactions that occur near the balance sheet date and the transaction amounts are usually material. Thus, we consider the cutoff of revenue a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures over the above key audit matter:

1. Obtained an understanding and assessed the accounting policy on revenue recognition.

2. Understood and assessed internal control over revenue recognition, and tested the effectiveness of the internal controls over the shipment of goods and the verification of the timing of revenue recognition.

3. Tested the cutoff of transactions that occurred a certain time before or after the balance sheet date in order to verify whether the control of the goods for which revenue has been recognised were transferred, and whether the revenue was recorded in the appropriate period.

Evaluation of inventories

Description

Refer to Note 4(9) to the consolidated financial statements for the accounting policy on inventory valuation, Note 5(2) for information on the uncertainty of accounting estimates and assumptions on inventory valuation, and Note 6(4) for information on allowance for inventory valuation losses. As of

December 31, 2018, inventory and allowance for inventory valuation losses were NT$286,684 thousand and NT$33,306 thousand, respectively.

The Group develops, manufactures, and assembles production equipment of semiconductors and passive components. Due to rapid changes in technology, the risk of the materials inventory of related equipment incurring valuation losses or becoming obsolete is high. Inventories are stated at the lower of cost and net realizable value. The net realizable value of inventory that is over a certain age or individually identified as obsolete is determined by historical information on inventory turnover obtained by management from periodic inspections.

The technology related to the Group's products is rapidly changing, and determining the net realizable value of inventory identified as obsolete involves subjective judgement. Thus, we consider the evaluation of inventories a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures on the above key audit matter:

1. Assessed the reasonableness of the Group's policies and procedures on setting allowance for inventory valuation losses according to applicable accounting principles and the auditor's understanding of the nature of the Group's industry. This included assessing the reasonableness of the source of the historical information on inventory turnover used in determining net realizable value and assessing the reasonableness of judgments of obsolete inventory items.

2. Obtained an understanding of the Group's warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count in order to assess the classification of obsolete inventory and effectiveness of internal control over obsolete inventory.

3. Tested the appropriateness of the logic used in evaluating the net realizable value of inventory and inventory aging report to verify the reasonableness of the allowance for inventory valuation losses.

Other matter – Reference to the audits of other independent accountants

We did not audit the financial statements of a subsidiary, Uni-Ring Tech Co., Ltd., with total assets of NT$34,571 thousand, constituting 1% of consolidated total assets, as at December 31, 2017, and operating income of NT$61,688 thousand, constituting 3% of consolidated operating revenue for the year ended December 31, 2017. The financial statements of the subsidiary were audited by other independent accountants whose report thereon has been furnished to us, and our opinion expressed herein is based solely on the audit report of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of All Ring Tech Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

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

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

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

Those charged with governance, including the board of directors (including independent directors) and the 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 judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements,

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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.

Liu Tzu-Meng

Independent Accountants

Lin Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

February 26, 2019

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

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 880,090	35	$ 889,708	35
1150	Notes receivable, net	6(3) and 12	73,977	3	44,817	2
1170	Accounts receivable, net	6(3) and 12	655,099	26	604,863	24
1200	Other receivables		649	-	3,567	-
130X	Inventory	5(2) and 6(4)	253,378	10	332,993	13
1410	Prepayments		7,510	-	12,137	-
1479	Other current assets		572	-	41	-
11XX	**Total Current Assets**		1,871,275	74	1,888,126	74
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income-non-current	6(5) and 12	78,656	3	-	-
1523	Available-for-sale financial assets - non-current	12	-	-	54,895	2
1600	Property, plant and equipment	6(6) and 8	403,255	16	422,161	17
1780	Intangible assets		6,187	-	4,541	-
1840	Deferred income tax assets	6(20)	89,918	4	92,259	4
1920	Guarantee deposits paid		5,716	-	4,606	-
1985	Long-term prepaid rents	6(7)	32,316	1	32,955	1
1990	Other non-current assets	8	32,483	2	35,793	2
15XX	**Total non-current assets**		648,531	26	647,210	26
1XXX	**Total assets**		$ 2,519,806	100	$ 2,535,336	100

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ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	12	$ 19,174	1	$ -	-
2150	Notes payable		1,360	-	869	-
2170	Accounts payable	7	290,474	12	359,148	14
2200	Other payables	6(8) and 7	249,940	10	240,857	10
2230	Current income tax liabilities	6(20)	24,491	1	16,105	1
2250	Provisions for liabilities - current	6(9)	12,793	-	8,873	-
2310	Advance receipts	12	363	-	6,593	-
21XX	**Total current Liabilities**		598,595	24	632,445	25
	Non-current liabilities					
2570	Deferred income tax liabilities	6(20)	32,264	1	21,857	1
2640	Net defined benefit liabilities - non-current	6(10)	19,799	1	19,215	1
25XX	**Total non-current liabilities**		52,063	2	41,072	2
2XXX	**Total Liabilities**		650,658	26	673,517	27
	Equity					
	Share capital					
3110	Share capital - common stock	6(11)	842,389	33	842,389	33
3200	**Capital surplus**	6(12)	378,920	15	378,920	15
	Retained earnings	6(13)				
3310	Legal reserve		216,754	9	186,434	7
3320	Special reserve		22,672	1	22,672	1
3350	Unappropriated retained earnings		472,994	19	448,824	18
3400	**Other equity interest**	6(5)	(18,649)	(1)	(17,420)	(1)
3500	**Treasury stocks**	6(11)	(45,932)	(2)	-	-
3XXX	**Total equity**		1,869,148	74	1,861,819	73
	Contingent liabilities and commitments	6(22) and 9				
3X2X	**Total liabilities and equity**		$ 2,519,806	100	$ 2,535,336	100

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			For the years ended December 31,			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(14)	$ 1,925,869	100	$ 1,866,853	100
5000	**Operating costs**	6(4)(10)(18)(19)(22) and 7	(1,125,936)	(58)	(1,020,095)	(54)
5900	**Net operating margin**		799,933	42	846,758	46
	Operating expenses	6(7)(10)(18)(19)(22), 7 and 12				
6100	Selling expenses		(81,135)	(4)	(79,678)	(4)
6200	General and administrative expenses		(103,413)	(6)	(98,491)	(6)
6300	Research and development expenses		(285,166)	(15)	(263,895)	(14)
6450	Impairment loss determined in accordance with IFRS 9		(2,087)	-	-	-
6000	**Total operating expenses**		(471,801)	(25)	(442,064)	(24)
6900	**Operating profit**		328,132	17	404,694	22
	Non-operating income and expenses					
7010	Other income	6(5)(15)	19,920	1	34,046	1
7020	Other gains and losses	6(2)(16) and 12	21,871	1	(77,372)	(4)
7050	Finance costs	6(17)	(105)	-	(1,006)	-
7000	**Total non-operating income and expenses**		41,686	2	(44,332)	(3)
7900	**Profit before income tax**		369,818	19	360,362	19
7950	Income tax expense	6(20)	(55,402)	(3)	(57,166)	(3)
8200	**Profit for the year**		$ 314,416	16	$ 303,196	16
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligations	6(10)	($ 68)	-	($ 4,440)	-
8316	Unrealised gains on valuation of financial assets at fair value through other comprehensive income	6(5)	3,364	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	57	-	755	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(3,367)	-	(12,768)	-
8362	Unrealized gain on valuation of available-for-sale financial assets	12	-	-	5,710	-
8300	**Total other comprehensive loss for the year**		($ 14)	-	($ 10,743)	-
8500	**Total comprehensive income for the year**		$ 314,402	16	$ 292,453	16
	Profit attributable to:					
8610	Owners of the parent		$ 314,416	16	$ 303,196	16
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 314,402	16	$ 292,453	16
	Earnings per share(in dollars)	6(21)				
9750	**Basic**		$	3.74	$	3.60
9850	**Diluted**		$	3.71	$	3.58

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves		Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Additional paid-in capital	Stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income	Unrealised gain (loss) on valuation of available-for-sale financial assets	Treasury stocks	Total equity
For the year ended December 31,2017												
Balance at January 1, 2017		$ 842,389	$ 378,812	$ 108	$ 150,732	$ 22,672	$ 437,732	($ 2,739)	$ -	($ 7,623)	$ -	$ 1,822,083
Net income for the year ended December 31,2017		-	-	-	-	-	303,196	-	-	-	-	303,196
Other comprehensive income(loss) for the year ended December 31,2017		-	-	-	-	-	(3,685)	(12,768)	-	5,710	-	(10,743)
Total comprehensive income(loss) for the year ended December 31,2017		-	-	-	-	-	299,511	(12,768)	-	5,710	-	292,453
Distribution of 2016 net income												
Legal reserve		-	-	-	35,702	-	(35,702)	-	-	-	-	-
Cash dividends	6(13)	-	-	-	-	-	(252,717)	-	-	-	-	(252,717)
Balance at December 31, 2017		$ 842,389	$ 378,812	$ 108	$ 186,434	$ 22,672	$ 448,824	($ 15,507)	$ -	($ 1,913)	$ -	$ 1,861,819
For the year ended December 31,2018												
Balance at January 1, 2018		$ 842,389	$ 378,812	$ 108	$ 186,434	$ 22,672	$ 448,824	($ 15,507)	$ -	($ 1,913)	$ -	$ 1,861,819
Effects of retrospective application	12	-	-	-	-	-	1,318	-	(3,231)	1,913	-	-
Adjusted balance at January 1, 2018		842,389	378,812	108	186,434	22,672	450,142	(15,507)	(3,231)	-	-	1,861,819
Net income for the year ended December 31,2018		-	-	-	-	-	314,416	-	-	-	-	314,416
Other comprehensive income(loss) for the year ended December 31,2018	6(5)	-	-	-	-	-	(11)	(3,367)	3,364	-	-	(14)
Total comprehensive income(loss) for the year ended December 31,2018		-	-	-	-	-	314,405	(3,367)	3,364	-	-	314,402
Loss on disposal of financial assets at fair value through other comprehensive income	6(5)	-	-	-	-	-	(92)	-	92	-	-	-
Distribution of 2017 net income												
Legal reserve		-	-	-	30,320	-	(30,320)	-	-	-	-	-
Cash dividends	6(13)	-	-	-	-	-	(261,141)	-	-	-	-	(261,141)
Treasury stocks reacquired	6(11)	-	-	-	-	-	-	-	-	-	(45,932)	(45,932)
Balance at December 31, 2018		$ 842,389	$ 378,812	$ 108	$ 216,754	$ 22,672	$ 472,994	($ 18,874)	$ 225	$ -	($ 45,932)	$ 1,869,148

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 369,818	$ 360,362
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	2,087	-
Reversal of allowance for doubtful accounts	6(15)	-	(16,668)
Provision for inventory market price decline	6(4)	568	9,472
Depreciation	6(6)(18)	25,870	26,017
Property,plant and equipment recognised as expense	6(6)	-	16
(Loss) gain on disposal of property, plant and equipment	6(16)	75	(94)
Amortisation	6(18)	3,893	3,644
Amortisation of long-term prepaid rents	6(7)	351	347
Dividend income	6(5)(15)	(4,506)	(3,081)
Interest income	6(15)	(9,234)	(5,510)
Interest expense	6(17)	105	1,006
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(29,160)	606
Accounts receivable		(52,323)	(149,484)
Other receivables		2,918	(818)
Inventories		79,047	(1,914)
Prepayments		4,627	7,546
Other current assets		(531)	684
Changes in operating liabilities			
Current contract liabilities		12,581	-
Notes payable		491	(157)
Accounts payable		(68,674)	57,366
Other payables		8,975	(14,934)
Provisions for liabilities - current		3,920	1,050
Advance receipts		363	(10,104)
Net defined benefit liabilities - non-current		516	500
Cash inflow generated from operations		351,777	265,852
Dividends received		4,506	3,081
Interest received		9,234	5,510
Interest paid		(105)	(1,006)
Income taxes received		931	-
Income taxes paid		(36,051)	(100,282)
Net cash flows from operating activities		330,292	173,155

(Continued)

ALL RING TECH CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 21,028)	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	631	-
Cash paid for acquisition of property, plant and equipment	6(23)	(8,851)	(2,918)
Proceeds from disposal of property, plant and equipment		37	1,046
Acquisition of intangible assets		(5,534)	(1,839)
(Increase) decrease in guarantee deposits paid		(1,110)	510
Decrease in other non-current assets		3,310	17,160
Net cash flows (used in) from investing activities		(32,545)	13,959
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		-	(15,000)
Cash dividends paid	6(13)	(261,141)	(252,717)
Acquisition of treasury stocks	6(11)	(45,932)	-
Net cash flows used in financing activities		(307,073)	(267,717)
Effect of exchange rate changes		(292)	(10,809)
Net decrease in cash and cash equivalents		(9,618)	(91,412)
Cash and cash equivalents at beginning of year	6(1)	889,708	981,120
Cash and cash equivalents at end of year	6(1)	$ 880,090	$ 889,708

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

ALL RING TECH CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

1. HISTORY AND ORGANISATION

(1) All Ring Tech Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1996. Its primary business includes the design, manufacturing, and assembly of automation machines, the research, development, and design of computer software, and the manufacturing of optical instruments.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

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 26, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
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
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
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 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 subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

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 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 Company 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.

C. The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4).

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

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

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

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

B. The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that right-of-use asset and lease liability will both be increased by $52,493 , and reclassify the long-term prepaid rent of $32,316 to the right-of-use assets.

(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 IASB
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2021

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

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", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by FSC (collectively refered herein as the "IFRSs").

(2) Basis of preparation

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

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

(b) Financial assets at fair value through other comprehensive income/ Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit 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 judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(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 the subsidiary begins from the date the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of the 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 measures 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. The consolidated subsidiaries and changes of the current period are as follows:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2018	December 31, 2017	
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	Mechanical engineering automation, and research, development and design of software	100.00	100.00	—
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	100.00	100.00	—
All Ring Tech Co., Ltd.	IMAGINE GROUP LIMITED	Investment business	73.81	73.81	Note

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Description
PAI FU INTERNATIONAL LIMITED	Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	—
PAI FU INTERNATIONAL LIMITED	IMAGINE GROUP LIMITED	Investment business	26.19	26.19	Note
IMAGINE GROUP LIMITED	All Ring Tech (Kunshan) Co., Ltd.	Research, development, and manufacture of specialized electronic equipment, testing of instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	100.00	100.00	—

Note : The Company and its subsidiaries own, directly or indirectly, more than 50% of the shares of these companies.

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 consolidated 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 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 foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

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

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 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 realized 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 pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
(a) Liabilities that are expected to be paid off within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are to be paid off within twelve months from the balance sheet date;
(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

A. 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.
B. 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 that are not measured at amortised cost or fair value through other comprehensive income.
B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9)Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the net realizable value, the amount of any write-down of inventories recognised as cost of sales during the period; and the amount of any reversal of inventory write-down is recognised as a reduction in cost of sales during the period.

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

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

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

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

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

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

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

(11)Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for

12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12)Derecognition of financial assets

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

(13)Property, plant and equipment

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

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. Property, plant and equipment apply the cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is 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:

Asset	Estimated useful lives
Buildings and structures	15～35 years
Machinery and equipment	3～13 years
Transportation equipment	5 years
Office equipment	2～7 years
Other facilities	2～10 years

(14)Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 year to 5 years.

(15)Operating leases (lessee)

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)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 of disposal or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17)Borrowings

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

(18)Accounts and notes payable

Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19)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.

(20)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 realized the asset and settle the liability simultaneously.

(21)Provisions

Provisions (including warranties) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22)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 expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plan, the contributions are recognised as pension expenses 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 plan

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 government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(23)Income tax

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

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

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 realized 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 utilized. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

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

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

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

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.

(25)Dividends

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

(26)Revenue recognition

Sales of goods

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax, sales returns, and sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. Collection terms of sale are as follows: the first payment is collected 30 to 130 days after delivering machineries, and the second payment is collected 30 to 190 days after acceptance of machineries. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of momey.

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

(27)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.

(28)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 judgments 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 amount of assets and liabilities within the next financial year, and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. 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.

B. As of December 31, 2018, the carrying amount of inventories was $253,378.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash:		
Cash on hand	$ 1,619	$ 1,351
Checking accounts and demand deposits	407,281	257,228
	408,900	258,579
Cash equivalents:		
Time deposits	471,190	631,129
	$ 880,090	$ 889,708

A. The Group associates 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. Please refer to Note 8 'Pledged Assets' for information on the Group's cash and cash equivalents that were pledged as collateral (included in 'Other non-current assets') as of December 31, 2018 and 2017.

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

		December 31, 2018
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$	21,184
Valuation adjustment	(	21,184)
	$	-

A. The Group recognised net gain (Shown as "Other gains and losses") on financial assets at fair value through profit or loss amounting to $150 for the year ended December 31 2018.

B. The Group has no financial assets at fair value through profit or loss pledged to others as collateral of December 31, 2018.

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

D. Information on financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

(3) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 73,977	$ 44,817
Accounts receivable	$ 659,997	$ 607,674
Less: Allowance for uncollectible accounts	(4,898)	(2,811)
	$ 655,099	$ 604,863

A. The ageing analysis of notes receivable and accounts receivable that were past due is as follows:

	December 31, 2018		December 31, 2017	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Less than 30 days	$ 86,445	$ 73,977	$ 76,666	$ 44,817
31～90 days	233,801	-	246,955	-
91～180 days	237,803	-	108,628	-
181～360 days	65,711	-	99,154	-
Over 360 days	36,237	-	76,271	-
	$ 659,997	$ 73,977	$ 607,674	$ 44,817

The above ageing analysis was based on invoice date.

B. The Group has no notes and accounts receivable pledged to others as collateral as of December 31, 2018 and 2017.

C. As of December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were the book value.

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

(4) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 34,683	($ 9,699)	$ 24,984
Work in process	208,016	(10,922)	197,094
Finished goods	43,985	(12,685)	31,300
	$ 286,684	($ 33,306)	$ 253,378

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 27,669	($ 8,366)	$ 19,303
Work in process	230,030	(18,250)	211,780
Finished goods	108,032	(6,122)	101,910
	$ 365,731	($ 32,738)	$ 332,993

The cost of inventories recognised as expense for the period:

	For the years ended December 31,	
	2018	2017
Cost of goods sold	$ 1,125,368	$ 1,010,625
Provision for inventory market price decline	568	9,472
Gain on physical inventory	-	(2)
	$ 1,125,936	$ 1,020,095

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

Items	December 31, 2018
Equity instruments	
Unlisted stocks	$ 78,431
Valuation adjustment	225
	$ 78,656

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $78,656 at December 31, 2018.

B. Aiming to satisfy the capital expenditure needs, the Group sold $631 of equity instruments investments at fair value and resulted in cumulative losses of $92 on disposal during the year ended December 31, 2018, which was reclassified to retained earnings.

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

	For the year ended December 31, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	$ 3,364
Cumulative losses reclassified to retained earnings due to derecognition	($ 92)
Dividend income recognised in profit or loss	$ 4,506

D. As at December 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $78,656.

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

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

G. Information on available-for-sale financial assets as of December 31, 2017 is provided in Note 12(4).

(6) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Total
January 1, 2018						
Cost	$ 468,917	$ 19,951	$ 12,103	$ 16,385	$ 42,498	$ 559,854
Accumulated depreciation	(93,936)	(7,669)	(8,284)	(10,748)	(17,056)	(137,693)
	$ 374,981	$ 12,282	$ 3,819	$ 5,637	$ 25,442	$ 422,161
For the year ended December 31, 2018						
At January 1	$ 374,981	$ 12,282	$ 3,819	$ 5,637	$ 25,442	$ 422,161
Additions	-	2,499	4,574	1,849	37	8,959
Depreciation	(15,163)	(2,056)	(1,605)	(2,394)	(4,652)	(25,870)
Disposals－Cost	-	-	-	(1,263)	(65)	(1,328)
－Accumulated depreciation	-	-	-	1,163	53	1,216
Net exchange differences	(1,672)	(173)	(13)	(17)	(8)	(1,883)
At December 31	$ 358,146	$ 12,552	$ 6,775	$ 4,975	$ 20,807	$ 403,255
December 31, 2018						
Cost	$ 466,435	$ 22,102	$ 16,543	$ 16,866	$ 42,416	$ 564,362
Accumulated depreciation	(108,289)	(9,550)	(9,768)	(11,891)	(21,609)	(161,107)
	$ 358,146	$ 12,552	$ 6,775	$ 4,975	$ 20,807	$ 403,255

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other facilities	Total
January 1, 2017						
Cost	$ 470,675	$ 20,198	$ 15,338	$ 16,749	$ 42,474	$ 565,434
Accumulated depreciation	(79,185)	(5,786)	(8,957)	(9,788)	(12,734)	(116,450)
	$ 391,490	$ 14,412	$ 6,381	$ 6,961	$ 29,740	$ 448,984
For the year ended December 31, 2017						
At January 1	$ 391,490	$ 14,412	$ 6,381	$ 6,961	$ 29,740	$ 448,984
Additions	-	-	-	1,340	506	1,846
Transferred as expenses	-	-	-	(16)	-	(16)
Depreciation	(15,093)	(1,941)	(1,619)	(2,592)	(4,772)	(26,017)
Disposals－Cost	-	-	(3,140)	(1,612)	(442)	(5,194)
－Accumulated depreciation	-	-	2,220	1,591	431	4,242
Net exchange differences	(1,416)	(189)	(23)	(35)	(21)	(1,684)
At December 31	$ 374,981	$ 12,282	$ 3,819	$ 5,637	$ 25,442	$ 422,161
December 31, 2017						
Cost	$ 468,917	$ 19,951	$ 12,103	$ 16,385	$ 42,498	$ 559,854
Accumulated depreciation	(93,936)	(7,669)	(8,284)	(10,748)	(17,056)	(137,693)
	$ 374,981	$ 12,282	$ 3,819	$ 5,637	$ 25,442	$ 422,161

A. The Group has not capitalised any interest for years ended December 31, 2018 and 2017.

B. Please refer to Note 8, 'Pledged assets' for information on the Group's property, plant and equipment that were pledged as collateral as of December 31, 2018 and 2017.

(7) Long-term prepaid rents

	December 31, 2018	December 31, 2017
Land use right	$ 32,316	$ 32,955

On July 25, 2011, the Group signed a contract with the government of the People's Republic of China to lease a designated parcel of land in Kunshan City of Jiangsu Province for 45 years. The lease was paid in full at the time the contract was signed. For the years ended December 31, 2018 and 2017, the rent expense (shown as part of 'operation expenses') was $351 and $347, respectively.

(8) Other payables

	December 31, 2018	December 31, 2017
Accrued salaries and bonuses	$ 100,311	$ 94,372
Compensation payable to employees, directors and supervisors	30,085	28,613
Provisions for employee benefits	7,652	7,786
Others	111,892	110,086
	$ 249,940	$ 240,857

(9) Provisions for liabilities

	For the years ended December 31,	
	2018	2017
Balance at beginning of period	$ 8,873	$ 7,823
Additional provisions	11,143	10,488
Used during the period	(7,223)	(9,438)
Balance at end of period	$ 12,793	$ 8,873

The Group's warranty provision is primarily related to the sale of semiconductor equipment, passive component equipment, and light-emitting diode equipment. The amount of the provision is estimated according to historical warranty data. The Group expects the costs related to the provision to be realised in the next two years.

(10) Pensions

A. The Company has 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 4% 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 December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information on the defined benefit pension plan disclosed above is as follows:

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

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 29,497)	($ 28,970)
Fair value of plan assets	9,698	9,755
Net defined benefit liability	($ 19,799)	($ 19,215)

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

	For the year ended December 31, 2018		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 28,970)	$ 9,755	($ 19,215)
Current service cost	(329)	-	(329)
Interest (expense) income	(318)	107	(211)
	(29,617)	9,862	(19,755)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	295	295
Change in financial assumptions	(558)	-	(558)
Experience adjustments	195	-	195
	(363)	295	(68)
Pension fund contribution	-	24	24
Paid pension	483	(483)	-
Balance at December 31	($ 29,497)	$ 9,698	($ 19,799)

	For the year ended December 31, 2017		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	($ 25,657)	$ 11,382	($ 14,275)
Current service cost	(324)	-	(324)
Interest (expense) income	(359)	159	(200)
	(26,340)	11,541	(14,799)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(40)	(40)
Change in financial assumptions	(851)	-	(851)
Experience adjustments	(3,549)	-	(3,549)
	(4,400)	(40)	(4,440)
Pension fund contribution	-	24	24
Paid pension	1,770	(1,770)	-
Balance at December 31	($ 28,970)	$ 9,755	($ 19,215)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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 assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	For the years ended December 31,	
	2018	2017
Discount rate	0.90%	1.10%
Future salary increases	3.50%	3.50%

For the years ended December 31, 2018 and 2017, assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 5th Mortality Table.

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 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 694)	$ 719	$ 627	($ 609)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 712)	$ 738	$ 647	($ 629)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. 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.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2019 amount to $24.

(f) As of December 31, 2018, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 1,196
2 － 5 years	5,948
6 years and above	12,381
	$ 19,525

B. 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. The pension costs under the defined contribution pension plan of the Company and its domestic subsidiaries for the years ended December 31, 2018 and 2017 were $9,686 and $9,114, respectively.

C. In accordance with the pension and insurance laws of the People's Republic of China, Kunshan All Ring Tech Co., Ltd. and All Ring Tech (Kunshan) Co., Ltd. contribute 19% of each employee's salary every month to a pension account managed by the government. Aside from the monthly contributions, the companies have no further obligations. The pension costs under the defined contribution pension plans of the Group for years ended December 31, 2018 and 2017 were $2,006 and $1,784, respectively.

(11)Share capital

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

	For the years ended December 31,	
	2018	2017
At January 1	84,239	84,239
Treasury stock reacquired	(915)	-
At December 31	83,324	84,239

B. As of December 31, 2018, the Company's authorised capital was $1,100,000 (including $80,000 reserved for employee stock options), and the paid-in capital was $842,389 with a par value of $10 per share. The 84,239 thousand shares were issued over several installments. All proceeds from shares issued have been collected.

C. Treasury shares

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

	For the year ended December 31,2018		
Reason for reacquisition	Opening Balance	Additions	Ending Balance
To enhance the Company's credit rating and the stockholders' equity	-	915	915

For the year ended December 31, 2017, there was no such issue.

(b) Pursuant to the R.O.C. Securities and Exchange Act, 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 Act, 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 Act, treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) As of December 31, 2018, the balance of the Company's treasury shares was $45,932.

(12) Capital surplus

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

(13) Retained earnings

A. Pursuant to the R.O.C. Company Act, the Company shall set aside 10% of its after-tax profits as legal reserve until the balance is equal to the paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, considering the Company is operating in a volatile environment and in the stable growth stage of its life cycle, the Board of Directors shall determine earnings appropriation based on the Company's future capital expenditures and demand for capital, as well as the necessity of using retained earnings to meet capital needs, and set the amount of dividends to be distributed to stockholders and the portion of dividends to be paid in cash. The Company's current year earnings shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Then, either a portion of the remaining amount is set aside as special reserve or an amount is reversed from the special reserve account and added to the remaining amount in accordance with applicable laws and regulations. The final leftover amount of current year earnings is added to the unappropriated earnings from the prior year and the total is the accumulated distributable earnings. At least 30% of the accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of total dividends distributed. The Board of Directors drafts a proposal on earnings appropriation according to future operational and investment needs and sends it to the stockholders during their meeting for approval.

C. Special reserve

(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 in the amount of $22,672 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.

D. The Company recognised dividends distributed to owners amounting to $261,141 ($3.1 (in dollars) per share) and $252,717 ($3 (in dollars) per share) for the years ended December 31, 2018 and 2017, respectively. On February 26, 2019, the Board of Directors proposed for the distribution of dividends from 2018 earnings in the amount of $258,304 at $3.1 (in dollars) per share.

(14)Operating revenue

	For the year ended December 31,2018
Revenue from contracts with customers	$ 1,925,869

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time. Revenue is primarily from sales of automation machinery and equipment. Related disclosures for operating revenue are provided in Note 14.

B. Contract liabilities

Revenue recognised that was included in the contract liabilities balance at the beginning of the period amounted to $5,102.

(15)Other income

	For the years ended December 31,	
	2018	2017
Dividend income	$ 4,506	$ 3,081
Interest income from bank deposits	9,234	5,510
Rent income	82	649
Gains on doubtful debt recoveries	-	16,668
Government grants	-	2,561
Other income	6,098	5,577
	$ 19,920	$ 34,046

(16)Other gains and losses

	For the years ended December 31,	
	2018	2017
Net gains on financial assets at fair value through profit or loss	$ 150	$ -
Net foreign exchange gains (losses)	22,104	(69,634)
Net (losses) gains on disposal of property, plant and equipment	(75)	94
Miscellaneous disbursements	(308)	(7,832)
	$ 21,871	($ 77,372)

(17)Finance costs

	For the years ended December 31,	
	2018	2017
Interest expense:		
Bank borrowings	$ 51	$ 935
Other interest expense	54	71
	$ 105	$ 1,006

(18)Expenses by nature

	For the year ended December 31, 2018		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 56,388	$ 309,773	$ 366,161
Depreciation	14,341	11,529	25,870
Amortisation	475	3,418	3,893
	$ 71,204	$ 324,720	$ 395,924

	For the year ended December 31, 2017		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 61,157	$ 282,456	$ 343,613
Depreciation	14,541	11,476	26,017
Amortisation	273	3,371	3,644
	$ 75,971	$ 297,303	$ 373,274

(19)Employee benefit expense

	For the year ended December 31, 2018		
	Operating cost	Operating expense	Total
Wages and salaries	$ 47,867	$ 274,072	$ 321,939
Labour and health insurance fees	3,037	15,460	18,497
Pension costs	2,206	10,026	12,232
Other personnel expenses	3,278	10,215	13,493
	$ 56,388	$ 309,773	$ 366,161

	For the year ended December 31, 2017		
	Operating cost	Operating expense	Total
Wages and salaries	$ 53,164	$ 248,124	$ 301,288
Labour and health insurance fees	3,246	14,944	18,190
Pension costs	2,390	9,032	11,422
Other personnel expenses	2,357	10,356	12,713
	$ 61,157	$ 282,456	$ 343,613

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

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $26,560 and $25,260, respectively; while directors' and supervisors' remuneration was accrued at $3,525 and $3,353, respectively. The aforementioned amounts were recognised in salary expenses and estimated and accrued based on the distributable net profit for 2018 and 2017 calculated by the percentage prescribed under the Company's Articles of Incorporation. Employees' compensation and directors' and supervisors' remuneration of 2017 amounting to $28,613, as resolved by the Board of Directors were in agreement with those amounts recognised in the 2017 financial statements. The employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20)Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31, 2018	For the years ended December 31, 2017
Current tax:		
Current tax on profits for the period	$ 53,746	$ 53,105
Tax on undistributed earnings	805	7,053
Prior year income tax overestimation	(11,954)	(5,056)
Total current tax	42,597	55,102
Deferred tax:		
Origination and reversal of temporary differences	24,785	2,064
Impact of change in tax rate	(11,980)	-
Total deferred tax	12,805	2,064
Income tax expense	$ 55,402	$ 57,166

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

	For the years ended December 31, 2018	For the years ended December 31, 2017
Remeasurements of defined benefit obligations	($ 13)	($ 755)
Impact of change in tax rate	(44)	-
	($ 57)	($ 755)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31, 2018	For the years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate	$ 70,870	$ 63,014
Effects from items adjusted in accordance with tax regulation	4,797	3,222
Taxable loss not recognised as deferred tax assets	4,225	-
Effects from loss carryforward	12,103	1,626
Effect from investment tax credits	(13,464)	(12,693)
Tax on undistributed earnings	805	7,053
Prior year income tax overestimation	(11,954)	(5,056)
Impact of change in tax rate	(11,980)	-
Income tax expense	$ 55,402	$ 57,166

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

	For the year ended December 31, 2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 606	$ 219	$ -	$ 825
Loss on decline in market value of inventories	4,880	848	-	5,728
Unrealised cost to provide after-sale service	1,509	1,050	-	2,559
Unused compensated absences	1,323	207	-	1,530
Pension costs	3,267	636	57	3,960
Employee benefits	31	(31)	-	-
Unrealised sales discounts and allowances	12,876	2,730	-	15,606
Unrealised expenses and losses	1,122	278	-	1,400
Investment losses	1,061	188	-	1,249
Foreign currency exchange difference	7,168	(7,168)	-	-
Loss carryforward	58,416	(1,355)	-	57,061
	$ 92,259	($ 2,398)	$ 57	$ 89,918
Deferred income tax liabilities				
Temporary differences:				
Foreign currency exchange difference	($ 6)	($ 6,551)	$ -	($ 6,557)
Investment income	(21,851)	(3,856)	-	(25,707)
	($ 21,857)	($ 10,407)	$ -	($ 32,264)
	$ 70,402	($ 12,805)	$ 57	$ 57,654

	For the year ended December 31, 2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred income tax assets				
Temporary differences:				
Allowance for doubtful accounts	$ 3,440	($ 2,834)	$ -	$ 606
Loss on decline in market value of inventories	3,955	925	-	4,880
Unrealised cost to provide after-sale service	1,330	179	-	1,509
Unused compensated absences	1,285	38	-	1,323
Pension costs	2,995	24	248	3,267
Employee benefits	-	31	-	31
Unrealised sales discounts and allowances	9,534	3,342	-	12,876
Unrealised expenses and losses	1,342	(220)	-	1,122
Investment losses	1,061	-	-	1,061
Foreign currency exchange difference	1,497	5,671	-	7,168
Loss carryforward	67,630	(9,214)	-	58,416
	$ 94,069	($ 2,058)	$ 248	$ 92,259
Deferred income tax liabilities				
Temporary differences:				
Foreign currency exchange difference	$ -	($ 6)	$ -	($ 6)
Pension costs	(507)	-	507	-
Investment income	(21,851)	-	-	(21,851)
	($ 22,358)	($ 6)	$ 507	($ 21,857)
	$ 71,711	($ 2,064)	$ 755	$ 70,402

D. Expiration dates of unused loss carry forward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2018				
Year incurred	Amount assessed/filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	438,100	$ 259,903	$ 6,878	2022
2013	21,180	21,180	-	2023
2014	42,523	42,523	32,896	2024
2015	53,725	53,725	53,725	2025
2016	24,427	24,427	24,427	2026
2017	28,645	28,645	28,645	2027
2018	23,119	23,119	23,119	2028
		$ 453,522	$ 169,690	

December 31, 2017				
Year incurred	Amount assessed/filed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	442,071	$ 313,069	$ -	2022
2013	21,180	21,180	-	2023
2014	42,523	42,523	32,896	2024
2015	54,450	54,450	33,220	2025
2016	24,311	24,311	16,816	2026
2017	32,635	32,635	21,761	2027
		$ 488,168	$ 104,693	

E. The Company’s income tax returns through 2016 have been assessed and approved by the Tax Authority. As of February 26, 2019, no administrative relief has occurred.

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

(21) Earnings per share

	For the year ended December 31,2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 314,416	84,046	$ 3.74
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 314,416	84,046	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	731	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 314,416	84,777	$ 3.71

	For the 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	$ 303,196	84,239	$ 3.60
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 303,196	84,239	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	498	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 303,196	84,737	$ 3.58

(22)Operating leases

In January 2009 and November 2014, the Company leased parcels of land located in the Luzhu Science Park from the Southern Taiwan Science Park Bureau. The former lease is from January 1, 2009 to December 31, 2023. The latter lease is from November 1, 2014 to October 31, 2034. The leases are both classified as operating leases and are renewable at the end of the lease period. Monthly rents per square meter will be adjusted in the following month if the government adjusts the announced land value, rental rate of national land approved by Executive Yuan is adjusted and other reasons that the monthly rents must be adjusted. The Company shall recover or refund additional rents during the payment period. For the years ended December 31, 2018 and 2017, rent expenses were $5,088 ($3,045 shown as 'operating costs' and $2,043 shown as 'operating expenses') and $4,703 ($2,979 shown as 'operating costs' and $1,724 shown as 'operating expenses'), respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 5,088	$ 4,703
Later than one year but not later than five years	20,352	18,814
Later than five years	23,772	26,678
	$ 49,212	$ 50,195

(23)Supplemental cash flow information

Investing activities with partial cash payments

	For the years ended December 31,	
	2018	2017
Purchase of property, plant and equipment	$ 8,959	$ 1,846
Add: Opening balance of payable on equipment (shown as 'other payables')	10	1,082
Less: Ending balance of payable on equipment (shown as 'other payables')	(118)	(10)
Cash paid for acquisition of property, plant and equipment	$ 8,851	$ 2,918

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Jie Kuen Enterprise Inc.	Other related party (Note)
Jie Kuen Precision Technologies Co., Ltd.	Other related party (Note)
Ding Ji Electrical Engineering Co., Ltd.	Other related party (Note)
Nan Feng Mechanical Electrical Co., Ltd.	Other related party (Note)

(Note) This Company's responsible person is the Company's supervisor.

(2) Significant transactions and balances with related parties

A. Purchases of goods

	For the years ended December 31,	
	2018	2017
Other related parties	$ 31,050	$ 19,808

Payment terms of purchases from other related parties are 120 days after receipt. Payment terms of purchases from normal vendors are 60 to 180 days. Except for the payment terms mentioned above, other terms of purchase are the same with third parties.

B. Payables to related parties

	December 31, 2018	December 31, 2017
Other related parties	$ 8,486	$ 12,822

The payables to related parties arise mainly from purchase transactions and are due 120 days after the date of purchase. The payables bear no interest.

(3) Key management compensation

	For the years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 43,629	$ 41,718
Post-employment benefits	951	1,052
	$ 44,580	$ 42,770

8. PLEDGED ASSETS

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

Pledged asset	December 31, 2018	December 31, 2017	Purpose
Pledged time deposits (shown as 'other non-current assets')	$ 1,820	$ 1,820	Guarantee for land leases
Buildings and structures (shown as 'property, plant and equipment, net')	282,466	292,375	Guarantee for short-term borrowings (Note)
	$ 284,286	$ 294,195	

Note: The associated debt has been repaid but the designation of "property, plant , and equipment' as collateral has not yet been removed.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2018 and 2017, the Group's guarantees and endorsements were as follows:

Endorser	Endorsee	December 31, 2018	December 31, 2017	Purpose
All Ring Tech Co., Ltd.	Uni- Ring Tech Co., Ltd.	$ 50,000	$ 50,000	Pledged for borrowing facilities

As of December 31, 2018 and 2017, the actual amount of the endorsement used by the subsidiary, Uni-Ring Tech Co., Ltd., were all $－.

(2) For more information about operating lease, please refer to Note 6(22) 'Operating leases'.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

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 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.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 78,656	$ -
Available-for-sale financial assets	-	54,895
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	880,090	889,708
Notes receivable	73,977	44,817
Accounts receivable	655,099	604,863
Other receivables	649	3,567
Guarantee deposits paid	5,716	4,606
	$ 1,694,187	$ 1,602,456
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 1,360	$ 869
Accounts payable	290,474	359,148
Other accounts payable	249,940	240,857
	$ 541,774	$ 600,874

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(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

i. Foreign exchange risk

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

(ii.) 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.

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

(iv.) The Group's businesses involve some non-functional currency operations (The functional currency of the Company and subsidiary, Uni-Ring Tech Co., Ltd., is the NTD; the functional currency of subsidiaries PAI FU INTERNATIONAL LTD. and IMAGINE GROUP LIMITED is the USD; the functional currency of subsidiary, Kunshan All Ring Tech Co., Ltd., and All Ring Tech (Kunshan) Co., Ltd. is the RMB). Information on assets and liabilities subject to significant foreign exchange risk is as follows:

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 17,605	30.72	$ 540,826
USD:RMB	454	6.87	13,948
Financial liabilities			
Monetary items			
USD:NTD	2,880	30.72	88,474
USD:RMB	-	-	-

	December 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 29,585	29.76	$ 880,450
USD:RMB	463	6.51	13,760
Financial liabilities			
Monetary items			
USD:NTD	2,740	29.76	81,542
USD:RMB	25	6.51	743

(v.) The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated/depreciated by 1%, the Group's net income for the years ended December 31, 2018 and 2017 would have decreased/increased by $3,730 and $6,739, respectively.

(vi.) The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017, amounted to $22,104 and ($69,634), respectively.

ii Price risk

(i.) The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through loss or profit, financial assets at fair value through other comprehensive income and available-for-sale financial assets. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group has set various stop loss points, to ensure not to be exposed to significant risk. Accordingly, no material market risk was expected.

(ii.) The Group's investments in equity securities comprise domestic and foreign unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2018 and 2017 would have increased/decreased by $771 and $552, respectively, as a result of gains/losses on equity securities classified as at fair value through comprehensive income and available-for-sale.

iii. Cash flow and fair value interest rate risk

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, there is no significant effect on after-tax profit for the years ended December 31, 2018 and 2017.

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

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is reqularly monitored.

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

If the contract payments were past due over 180 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 720 days.

v. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the year ended December 31, 2018	
	Accounts receivable	
At January 1_IAS 39	$	2,811
Adjustments under new standards		-
At January 1_IFRS 9		2,811
Provision for impairment		2,087
At December 31	$	4,898

vi. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(c) Liquidity risk

i. 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 at all times to ensure the sufficient financial flexibility of the Group.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and beneficiary certificates, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and readily generate cash flows to manage liquidity risk.

iii. The table below analyses the Group's non-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. The amounts disclosed in the following table are undiscounted contractual cash flows.

December 31, 2018	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 1,360	$ -	$ -	$ -
Accounts payable	290,474	-	-	-
Other payables	249,940	-	-	-

December 31, 2017	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 869	$ -	$ -	$ -
Accounts payable	359,148	-	-	-
Other payables	240,857	-	-	-

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. 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 beneficiary certificates and equity securities are 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.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The Group's financial instruments not measured at fair value which includes the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 78,656	$ -	$ -	$ 78,656

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 54,895	$ -	$ -	$ 54,895

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

(a) The following financial assets use quoted market prices as inputs for fair value measurement (level 1): for emerging stocks, the average trading price at the balance sheet date is used.

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

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

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

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

A. Summary of significant accounting policies adopted for the year ended December 31, 2017:

(a) 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.

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

i. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

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

iii. 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 assets 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.

(c) Available for sale financial assets

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

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

iii. 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.

(d) Impairment of financial assets

i. 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.

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

(i.) Significant financial difficulty of the issuer or debtor;

(ii.) The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iii.) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

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

(v.) 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;

(vi.) 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;

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

iii. 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:

(i.) 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 amortization) 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.

(ii.) Financial assets at amortized 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 amortized 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. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

In accordance with IFRS 9, the Group reclassified available-for-sale financial assets in the amount of $54,895, by increasing financial assets at fair value through profit or loss and valuation adjustment in the amounts of $21,184 and ($21,184), respectively. Additionally, the Group made an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income and valuation adjustment in the amounts of $58,126 and ($3,231), respectively, and increasing retained earnings and decreasing other equity interest in the amounts of $1,318 and $1,318, respectively.

C. The allowance for impairment and provision was $1,318 for the year ended December 31, 2017, which was impaired under IAS 39, transferred to the adjustment for change in value of "financial assets at fair value through other comprehensive income" on January 1, 2018. There was no impairment loss under IFRS 9.

D. The significant accounts for the year ended December 31, 2017 is as follows:

Available-for-sale financial assets – non-current

	December 31, 2017
Unlisted stocks	$ 79,310
Adjustment for change in value	(1,913)
Accumulated impairment	(22,502)
	$ 54,895

i. The Group recognised $5,710 in other comprehensive income for fair value change for the year ended December 31, 2017.

ii. As of December 31, 2017, the Group did not pledge any of the available-for-sale financial assets as collateral.

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

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing 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 and the usage of the line of credit is monitored periodically. Credit risk arises from cash and cash equivalents and credit risk from customers, including outstanding account receivables and promised transactions not yet completed.

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

(c) As of December 31, 2017, there was no past due nor impaired financial assets.

(d) Movements of the Group's provision for impairment of accounts receivable for the year ended December 31, 2017 are as follows:

	For the year ended December 31, 2017
	Group provision
At January 1	$ 19,479
Reversal of impairment	(16,668)
At December 31	$ 2,811

(e) As of December 31, 2017, the Group's accounts receivable that was neither past due nor impaired is primarily from customers with good payment history.

(f) As of December 31, 2017, the Group did not hold any collateral as a guarantee for account receivables.

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

Revenue is measured at the fair value of the consideration received or receivable taking into account of business 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 is 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 effects and description of current balance sheet and comprehensive income statement if the Group continues adopting above accounting policies are as follows:

(a) The effects and description of balance sheet:

	December 31, 2018		
Balance sheet items	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from chages in accounting policy
Contract liabilities－current	$ 19, 174	$ －	$ 19, 174
Advance sales receipts	－	19, 174	(19, 174)

Advance sales receipts (shown as other current liabilities) in relation to the contract were previously presented in accordance with previous R.O.C. GAAP. Under IFRS 15 'Revenue from contracts with customers', the advance sales receipts are recognised as contract liabilities.

(b) There is no significant effect on current comprehensive income statement if the Group continues adopting above accounting policies.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2018.

(1) Significant transactions information

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

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

C. Holding of marketable securities at the end of the period (not including subsidiary, associates and joint ventures): Please refer to Table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to Table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to Table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 7.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Group's chief operating decision maker that are used to make strategic decisions. The Group's operating decision-maker manages each entity in the organization according to its role. There is no material change in the basis for information of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The Group's operational decision-maker evaluates the performance of each department based on its pre-tax income. This metric excludes nonrecurring expenses of the department and unrealized gains or losses from financial products. Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Company's central treasury function, which manages the cash position of the group.

(3) Segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2018				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	$ 1,684,162	$ 1,202	$ 269,896	$ 3,844	$ 1,959,104
Inter-segment revenue	29,267	-	3,833	135	33,235
Revenue from external customers	1,654,895	1,202	266,063	3,709	1,925,869
Interest income	8,550	623	51	10	9,234
Depreciation and amortisation	21,198	346	7,931	288	29,763
Interest expense	105	-	-	-	105
Segment income (loss) before tax	368,881	(9,056)	14,512	(17,132)	357,205
Segment assets	2,469,963	50,741	347,422	49,079	2,917,205
Segment liabilities	600,815	1,329	106,852	5,260	714,256

	For the year ended December 31, 2017				
	All Ring Tech Co., Ltd.	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Others	Total
Total segment revenue	$ 1,614,505	$ 52,607	$ 197,627	$ 61,688	$ 1,926,427
Inter-segment revenue	28,913	29,387	1,146	128	59,574
Revenue from external customers	1,585,592	23,220	196,481	61,560	1,866,853
Interest income	4,825	615	61	9	5,510
Depreciation and amortisation	21,406	357	7,416	482	29,661
Interest expense	869	-	-	137	1,006
Segment income (loss) before tax	358,918	(13,783)	13,319	(29,982)	328,472
Segment assets	2,478,645	64,645	311,193	65,851	2,920,334
Segment liabilities	616,826	5,078	78,709	6,023	706,636

(4) Reconciliation about segment profit or loss, assets and liabilities

A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations is provided as follows:

	For the years ended December 31,	
	2018	2017
Reportable segments income/(loss) before tax	$ 374,337	$ 358,454
Other segments income/(loss) before tax	(17,132)	(29,982)
Add: Inter-segment income	12,613	31,890
Profit from continuing operations before tax	$ 369,818	$ 360,362

B. The amounts provided to the chief operating decision maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

	December 31, 2018	December 31, 2017
Assets of reportable segments	$ 2,868,126	$ 2,854,483
Assets of other operating segments	49,079	65,851
Less: Inter-segment transaction	(397,399)	(384,998)
Total assets	$ 2,519,806	$ 2,535,336

C. The amounts provided to the chief operating decision maker with respect to total liabilities are measured in a manner consistent with that of the financial statements. A reconciliation of liabilities of reportable segment and total liabilities is as follows:

	December 31, 2018	December 31, 2017
Liabilities of reportable segments	$ 708,996	$ 700,613
Liabilities of other operating segments	5,260	6,023
Less: Inter-segment transaction	(63,598)	(33,119)
Total liabilities	$ 650,658	$ 673,517

(5) Information on products and services

Income from external customers is primarily from sales of automation machinery and equipment, therefore it is not necessary to disclose the details of this amount.

(6) Geographical information

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

	Years ended December 31, 2018		Years ended December 31, 2017	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1,658,604	$ 324,451	$ 1,647,152	$ 337,332
China	267,265	155,506	219,701	158,118
	$ 1,925,869	$ 479,957	$ 1,866,853	$ 495,450

All Ring Tech Co., Ltd. and subsidiaries
Loans to others
For the year ended December 31, 2018

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Note
													Item	Value			
1	PAI FU INTERNATIONAL LIMITED	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	$ 69,120	$ 23,040	$ -	2%	Short-term financing	$ -	Operating	$ -	—	$ -	$ 290,427	$ 290,427	—
2	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	Other receivables	Y	89,440	58,136	24,596	2%	Short-term financing	-	Operating	-	—	-	98,804	98,804	—

(Note 1) Calculation of limit on loans granted to a single party and ceiling on total loans granted:The total loan amount cannot exceed 40% of the company's net worth. There are three possible circumstances:

1. Loan is made to company with which the Company has a business relationship. The total loan amount cannot exceed 20% of the company's net worth.
   The individual loan amount cannot exceed the total amount of business transactions between the two parties in the past year.
2. Loan is made to companies who need short-term financing. The total loan amount cannot exceed 20% of the company's net worth. The individual loan amount cannot exceed 10% of the net worth of the company.
3. The aforementioned limit does not apply if the loan is made to a company of which the parent company owns, directly or indirectly, 100% of the voting equity.
   Both the total and individual loan amounts do not exceed 200% of the net worth of the creditor based on the most recent financial statements.

(Note 2) Foreign currency amounts in the table are converted into NTD according to the exchange rates on the financial reporting date (USD: NTD = 1:30.72; RMB:NTD = 1:4.472).

All Ring Tech Co., Ltd. and subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2018

Table 2

Expressed in thousands of NTD

		Party being endorsed/guaranteed												
Number	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
0	All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	(Note 1)	$ 373,830	$ 100,000	$ 50,000	$ -	$ -	2.68%	$ 747,659	Y	N	N	—

(Note 1) Companies where the Company owns more than 50% of voting shares (direct or indirect).

(Note 2) The total endorsements and guarantees of external parties by the Company cannot exceed 40% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. The total endorsements and guarantees of external parties by the Group cannot exceed 50% of the net worth as measured in the current period. The endorsement and guarantee of an individual business cannot exceed 20% of the net worth as measured in the current period. If the endorsement and guarantee are made for the purpose of conducting business, then the amount of endorsement and guarantee cannot exceed the total amount of business transactions between the guaranteed party and the Company in the past year.

All Ring Tech Co., Ltd. and subsidiaries

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

December 31, 2018

Table 3

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2018				Note
				Number of shares	Book value	Ownership (%)	Fair value	
All Ring Tech Co., Ltd.	Stocks:							
	Egiga Source Technology Co., Ltd.	—	Financial assets at fair value through profit or loss - non -current	1, 298	—	14. 86%	-	—
	Tai-Tech Advanced Electronics Co.,Ltd	—	Financial asset measured at fair value through other comprehensive income - non -current	2, 552	75, 217	2. 80%	75, 217	—
	Tecstar Technology Co., Ltd.	—	Financial asset measured at fair value through other comprehensive income - non -current	276	3, 439	0. 79%	3, 439	—

All Ring Tech Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

For the year ended December 31, 2018

Table 4

Expressed in thousands of NTD

				Transaction			
Number	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	1	Sales	$ 29,267	(Note 4)	2%
				Purchases	3,807	—	—
				Accounts receivable	35,287	—	1%
				Accounts payable	1,325	—	—
		Uni-Ring Tech Co., Ltd.	1	Rental income	1,011	—	—
				Endorsements and guarantees	50,000	—	2%
1	Kunshan All Ring Tech Co., Ltd.	All Ring Tech (Kunshan) Co., Ltd.	3	Other receivables	24,800	—	1%
				Rental expenses	1,315	—	—
2	PAI FU INTERNATIONAL LIMITED	All Ring Tech (Kunshan) Co., Ltd.	3	Other expenses	3,329	—	—

(Note 1) Business and other transactions between the parent company and its subsidiaries or between subsidiaries are not separately disclosed since the circumstances and amounts of each transaction is the same on each side. In addition, the disclosure threshold for significant transactions is set at 1 million dollars.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3) The ratio of a transaction amount to total revenue or total assets is calculated as follows: balance sheet items are calculated by dividing the ending balance by total consolidated assets; profit or loss items are calculated by dividing the accumulated ending balance by total consolidated revenue.

(Note 4) Collection terms of sale to All Ring Tech (Kunshan) Co., Ltd. are 120 days T/T; collection terms of sale to general customers are as follows: the first payment is collected 30 to 130 days after delivery of order, and the second payment is collected 30 to 190 days after order is accepted by customer. Other terms of sale are the same as general customers.

(Note 5) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1:30.72; RMB:USD = 1:0.1456); profit or loss items are converted using the average exchange rate for the year ended December 31, 2018 (USD:NTD = 1:30.15; RMB:USD = 1:0.1514).

All Ring Tech Co., Ltd. and subsidiaries

Information on investees

For the year ended December 31, 2018

Table 5

Expressed in thousands of NTD

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017 (Note 1)	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Note
All Ring Tech Co., Ltd.	PAI FU INTERNATIONAL LIMITED	British Virgin Islands	Mechanical engineering automation, and research, development and design of software	$ 65,263	$ 65,263	1,930,000	100.00	$ 145,211	($ 8,547)	($ 8,547)	Subsidiary
All Ring Tech Co., Ltd.	Uni-Ring Tech Co., Ltd.	Taiwan	Other machine manufacture industry, electrical appliances, audio visual electronics and international trading industry	170,000	170,000	4,855,947	100.00	14,994	(13,875)	(13,567)	Subsidiary
All Ring Tech Co., Ltd.	IMAGINE GROUP LIMITED	Mauritius	Investment business	136,100	136,100	3,720,000	73.81	210,815	13,289	9,853	Subsidiary
PAI FU INTERNATIONAL LIMITED	IMAGINE GROUP LIMITED	Mauritius	Investment business	40,550	40,550	1,320,000	26.19	68,539	13,289	-	Subsidiary (Note 2)

(Note 1) This was the balance on December 31, 2017.

(Note 2) The investment gains (losses) do not need to be disclosed per the rules.

(Note 3) Foreign currency amounts in the table are converted into NTD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:NTD = 1:30.72); profit or loss items are converted using the average exchange rate for the year ended December 31, 2018 (USD:NTD = 1:30.15).

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 3)	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Note
Kunshan All Ring Tech Co., Ltd.	Research, development, and manufacture of specialized electronic equipment used for cutting capacitance and inductance; sales of self-manufactured products and provision of corresponding technology testing services	$ 46,080	(Note 1)	$ 46,080	$ -	$ -	$ 46,080	($ 9,056)	100.00	($ 9,056)	$ 49,412	$ -	—
All Ring Tech (Kunshan) Co., Ltd.	Research, development, design, and manufacture of specialized electronic equipment, testing instruments and accessories; sales of self-manufactured products and provision of corresponding technology testing services	153,600	(Note 2) (Note 4)	139,798	-	-	139,798	13,354	100.00	13,354	240,570	-	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	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 (Note 5)
All Ring Tech Co., Ltd.	$ 185,878	$ 451,706	$ 1,121,489

(Note 1) Additional investment in Chinese company through a subsidiary in a third region (PAI FU INTERNATIONAL LIMITED).
(Note 2) Additional investment in Chinese company through a subsidiary in a third region (IMAGINE GROUP LIMITED).
(Note 3) Recognized according to the audited financial statements of the investee.
(Note 4) $39,936 (USD $1,300 thousand) was invested in the Chinese company through PAI FU INTERNATIONAL LIMITED, located in a third region.
(Note 5) The limit is the net worth or 60% of the consolidated net worth, whichever is greater.
(Note 6) Foreign currency amounts in the table are converted into TWD as follows: ending balances and carrying amounts are converted using the exchange rate on the financial reporting date (USD:TWD = 1:30.72; RMB:USD = 1:0.1456); profit or loss items are converted using the average exchange rate for the year ended December 31, 2018 (USD:TWD = 1:30.15; RMB:USD = 1:0.1514).

All Ring Tech Co., Ltd. and subsidiaries

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

For the year ended December 31, 2018

Table 7

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2018	%	Balance at December 31, 2018	Purpose	Maximum balance during the year ended December 31, 2018	Balance at December 31, 2018 (Note)	Interest rate	Interest during the year ended December 31, 2018	Others
All Ring Tech (Kunshan) Co., Ltd.	$ 29,267	2%	$ -	-	$ 35,287	1%	$ -	-	$ 69,120	$ 23,040	2%	$ -	Other expenses $3,329
	(3,807)	-			(1,325)	-							

Note: Actual drawn amount $－.