

BizLink Holding Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2018 and 2017 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
BizLink Holding Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of BizLink Holding Inc. and its subsidiaries (the Company) as of March 31, 2018 and 2017, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended and the related notes, including a summary of significant accounting policies (collectively referred to as 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 International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Company as at March 31, 2018 and 2017 and its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chung Chen Chen and Cheng Chuan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2018

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2018 (Reviewed)		December 31, 2017 (Audited after Measurement Period Adjustment)		March 31, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Notes 3 and 6)	\$ 3,889,409	24	\$ 1,684,418	12	\$ 3,152,678	33
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 3, 4 and 7)	16,387	-	20,352	-	215,392	2
Debt investments with no active market - current (Notes 3, 4 and 10)	-	-	36,236	-	284,708	3
Notes receivable from unrelated parties (Notes 3, 4 and 11)	144,606	1	178,592	1	995	-
Trade receivables from unrelated parties (Notes 3, 4 and 11)	4,021,756	25	4,339,752	32	1,899,591	20
Trade receivables from related parties (Notes 3, 4 and 37)	-	-	-	-	16,879	-
Other receivables (Notes 3, 4 and 11)	187,540	1	142,882	1	14,448	-
Current tax assets	23,352	-	8,082	-	21,441	-
Inventories (Note 12)	3,802,898	23	3,240,166	24	1,654,968	18
Prepayments (Notes 19 and 20)	175,368	1	217,310	2	110,866	1
Other financial assets - current (Notes 3, 4, 20 and 38)	64,273	-	19,975	-	1,370	-
Other current assets (Note 20)	<u>1,846</u>	<u>-</u>	<u>2,126</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>12,327,435</u>	<u>75</u>	<u>9,889,891</u>	<u>72</u>	<u>7,373,336</u>	<u>77</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4 and 8)	298,890	2	-	-	-	-
Financial assets measured at cost - non-current (Notes 3, 4 and 9)	-	-	239,640	2	142,884	2
Investments accounted for using the equity method (Note 14)	17,892	-	18,792	-	2,974	-
Property, plant and equipment (Notes 15 and 38)	2,112,723	13	2,087,042	15	1,421,493	15
Investment properties (Notes 16 and 38)	201,997	1	205,337	1	210,065	2
Goodwill (Note 17)	399,541	3	395,860	3	-	-
Other intangible assets (Notes 18 and 32)	500,898	3	426,666	3	118,164	1
Deferred tax assets	126,171	1	118,571	1	116,513	1
Other financial assets - non-current (Notes 3, 4, 20 and 38)	208,963	1	210,970	2	61,752	1
Long-term prepayments for leases (Note 19)	38,956	-	38,605	-	38,190	-
Other non-current assets (Notes 20 and 37)	<u>130,508</u>	<u>1</u>	<u>143,632</u>	<u>1</u>	<u>108,790</u>	<u>1</u>
Total non-current assets	<u>4,036,539</u>	<u>25</u>	<u>3,885,115</u>	<u>28</u>	<u>2,220,825</u>	<u>23</u>
TOTAL	<u>\$ 16,363,974</u>	<u>100</u>	<u>\$ 13,775,006</u>	<u>100</u>	<u>\$ 9,594,161</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 21 and 38)	\$ 261,946	2	\$ 905,922	6	\$ 64,500	1
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	14,284	-	-	-	1,608	-
Derivative financial liabilities for hedging - current (Notes 4, 26 and 36)	11,082	-	-	-	-	-
Contract liabilities - current (Notes 3, 4 and 24)	29,054	-	-	-	-	-
Notes payable (Note 23)	121,048	1	186,066	1	6,117	-
Trade payables (Note 23)	3,034,735	18	3,248,355	24	1,221,059	13
Other payables (Note 24)	892,404	5	1,072,957	8	707,652	7
Current tax liabilities	89,740	1	133,133	1	74,106	1
Current portion of long-term borrowings and bonds payable (Notes 4, 21, 22 and 38)	12,323	-	125,944	1	1,323,439	14
Other current liabilities (Notes 3 and 24)	<u>2,294</u>	<u>-</u>	<u>23,161</u>	<u>-</u>	<u>12,205</u>	<u>-</u>
Total current liabilities	<u>4,468,910</u>	<u>27</u>	<u>5,695,538</u>	<u>41</u>	<u>3,410,686</u>	<u>36</u>
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4 and 22)	2,714,009	17	-	-	-	-
Long-term borrowings (Notes 21 and 38)	364,360	2	404,297	3	358,153	4
Deferred tax liabilities	58,566	1	48,998	1	65,849	-
Net defined benefit liabilities - non-current (Note 4)	4,421	-	4,394	-	3,891	-
Other non-current liabilities (Note 24)	<u>27,927</u>	<u>-</u>	<u>27,688</u>	<u>-</u>	<u>4,844</u>	<u>-</u>
Total non-current liabilities	<u>3,169,283</u>	<u>20</u>	<u>485,377</u>	<u>4</u>	<u>432,737</u>	<u>4</u>
Total liabilities	<u>7,638,193</u>	<u>47</u>	<u>6,180,915</u>	<u>45</u>	<u>3,843,423</u>	<u>40</u>
EQUITY ATTRIBUTABLE TO OWNERS OF BIZLINK (Note 26)						
Capital stock						
Common stock	<u>1,185,664</u>	<u>7</u>	<u>1,155,664</u>	<u>8</u>	<u>1,062,990</u>	<u>11</u>
Capital surplus	<u>4,900,511</u>	<u>30</u>	<u>4,130,734</u>	<u>30</u>	<u>2,763,183</u>	<u>29</u>
Retained earnings						
Legal reserve	371,593	2	371,593	3	280,598	3
Special reserve	304,631	2	304,631	2	298,638	3
Unappropriated earnings	<u>2,561,260</u>	<u>16</u>	<u>2,340,969</u>	<u>17</u>	<u>2,175,024</u>	<u>23</u>
Total retained earnings	<u>3,237,484</u>	<u>20</u>	<u>3,017,193</u>	<u>22</u>	<u>2,754,260</u>	<u>29</u>
Other equity	<u>(647,556)</u>	<u>(4)</u>	<u>(709,500)</u>	<u>(5)</u>	<u>(829,695)</u>	<u>(9)</u>
Total equity attributable to owners of the BizLink	<u>8,676,103</u>	<u>53</u>	<u>7,594,091</u>	<u>55</u>	<u>5,750,738</u>	<u>60</u>
NON-CONTROLLING INTERESTS (Notes 26 and 32)	<u>49,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>8,725,781</u>	<u>53</u>	<u>7,594,091</u>	<u>55</u>	<u>5,750,738</u>	<u>60</u>
TOTAL	<u>\$ 16,363,974</u>	<u>100</u>	<u>\$ 13,775,006</u>	<u>100</u>	<u>\$ 9,594,161</u>	<u>100</u>

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

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 37)				
Sales	\$ 4,730,966	100	\$ 2,339,175	100
OPERATING COSTS				
Cost of goods sold (Notes 12, 28 and 37)	<u>3,798,362</u>	<u>80</u>	<u>1,611,002</u>	<u>69</u>
GROSS PROFIT	<u>932,604</u>	<u>20</u>	<u>728,173</u>	<u>31</u>
OPERATING EXPENSES (Notes 28 and 37)				
Selling and marketing expenses	164,844	4	108,487	5
General and administrative expenses	331,840	7	284,751	12
Research and development expenses	103,425	2	68,618	3
Expected credit loss reversed (Notes 3 and 11)	<u>(2,126)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>597,983</u>	<u>13</u>	<u>461,856</u>	<u>20</u>
PROFIT FROM OPERATIONS	<u>334,621</u>	<u>7</u>	<u>266,317</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 28)	16,983	-	20,382	1
Other gains and losses (Note 28)	(75,428)	(1)	(22,261)	(1)
Finance costs (Note 28)	(11,297)	-	(9,877)	-
Share of loss of associates	<u>(999)</u>	<u>-</u>	<u>(43)</u>	<u>-</u>
Total non-operating income and expenses	<u>(70,741)</u>	<u>(1)</u>	<u>(11,799)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM OPERATIONS	263,880	6	254,518	11
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(36,326)</u>	<u>(1)</u>	<u>(58,103)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>227,554</u>	<u>5</u>	<u>196,415</u>	<u>8</u>

(Continued)

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain on investments in equity instruments at FVTOCI (Notes 3, 4 and 26)	\$ 27,286	1	\$ -	-
Loss on hedging instruments subject to basis adjustments (Notes 4 and 26)	(17,112)	-	-	-
Exchange differences on translation to presentation currency (Note 26)	(209,963)	(5)	(384,115)	(16)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	<u>4,278</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(195,511)</u>	<u>(4)</u>	<u>(384,115)</u>	<u>(16)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 26)	<u>285,241</u>	<u>6</u>	<u>51,567</u>	<u>2</u>
Other comprehensive income (loss) for the period, net of income tax	<u>89,730</u>	<u>2</u>	<u>(332,548)</u>	<u>(14)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 317,284</u>	<u>7</u>	<u>\$ (136,133)</u>	<u>(6)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of BizLink	\$ 225,820	5	\$ 196,415	8
Non-controlling interests	<u>1,734</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 227,554</u>	<u>5</u>	<u>\$ 196,415</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of BizLink	\$ 315,391	7	\$ (136,133)	(6)
Non-controlling interests	<u>1,893</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 317,284</u>	<u>7</u>	<u>\$ (136,133)</u>	<u>(6)</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 1.94</u>		<u>\$ 1.92</u>	
Diluted	<u>\$ 1.92</u>		<u>\$ 1.75</u>	

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

(Concluded)

BIZLINK HOLDING INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the BizLink										Non-controlling Interests	Total Equity
	Capital Stock Common Stock	Capital Surplus	Retained Earnings			Other Equity			Total			
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Others	Gain or Loss on Effective Cash Flow Hedging Instruments		Unrealized Gain (Loss) on Financial Assets at FVTOCI		
BALANCE AT JANUARY 1, 2017	\$ 1,029,593	\$ 2,277,793	\$ 280,598	\$ 298,638	\$ 1,978,609	\$ (304,631)	\$ (229,047)	\$ -	\$ -	\$ 5,331,553	\$ -	\$ 5,331,553
Convertible bonds converted to common stocks (Notes 22 and 26)	33,397	485,390	-	-	-	-	-	-	-	518,787	-	518,787
Stock-based payment arrangements (Notes 26 and 31)	-	-	-	-	-	-	36,531	-	-	36,531	-	36,531
Net profit for the three months ended March 31, 2017	-	-	-	-	196,415	-	-	-	-	196,415	-	196,415
Other comprehensive loss for the three months ended March 31, 2017 (Note 26)	-	-	-	-	-	(332,548)	-	-	-	(332,548)	-	(332,548)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	196,415	(332,548)	-	-	-	(136,133)	-	(136,133)
BALANCE AT MARCH 31, 2017	\$ 1,062,990	\$ 2,763,183	\$ 280,598	\$ 298,638	\$ 2,175,024	\$ (637,179)	\$ (192,516)	\$ -	\$ -	\$ 5,750,738	\$ -	\$ 5,750,738
BALANCE AT JANUARY 1, 2018 (measurement period adjustments)	\$ 1,155,664	\$ 4,130,734	\$ 371,593	\$ 304,631	\$ 2,340,969	\$ (617,080)	\$ (92,420)	\$ -	\$ -	\$ 7,594,091	\$ -	\$ 7,594,091
Effect of retrospective application (Note 3)	-	-	-	-	9,292	-	-	-	(44,333)	(35,041)	-	(35,041)
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,155,664	4,130,734	371,593	304,631	2,350,261	(617,080)	(92,420)	-	(44,333)	7,559,050	-	7,559,050
Equity component of convertible bonds (Notes 22, 26 and 33)	-	169,777	-	-	-	-	-	-	-	169,777	-	169,777
Issuance of common stocks for cash (Note 26)	30,000	600,000	-	-	-	-	-	-	-	630,000	-	630,000
Changes in non-controlling interests (Notes 26 and 32)	-	-	-	-	(14,821)	-	-	-	-	(14,821)	47,785	32,964
Stock-based payment arrangements (Notes 26, 28 and 31)	-	-	-	-	-	-	16,706	-	-	16,706	-	16,706
Net profit for the three months ended March 31, 2018	-	-	-	-	225,820	-	-	-	-	225,820	1,734	227,554
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax (Note 26)	-	-	-	-	-	75,119	-	(12,834)	27,286	89,571	159	89,730
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	225,820	75,119	-	(12,834)	27,286	315,391	1,893	317,284
BALANCE AT MARCH 31, 2018	\$ 1,185,664	\$ 4,900,511	\$ 371,593	\$ 304,631	\$ 2,561,260	\$ (541,961)	\$ (75,714)	\$ (12,834)	\$ (17,047)	\$ 8,676,103	\$ 49,678	\$ 8,725,781

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

BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 263,880	\$ 254,518
Adjustments for:		
Depreciation expenses	78,948	48,165
Amortization expenses	24,414	5,928
Expected credit losses on trade receivables reversed	(2,126)	-
Amortization of prepayments for leases	327	321
Net gain on fair value change of financial assets and liabilities at FVTPL	(34,787)	(333)
Finance costs	11,297	9,877
Interest income	(3,647)	(8,622)
Compensation cost of employee stock options	16,706	36,531
Share of loss of associates	999	43
Loss on disposal of property, plant and equipment	5,236	883
Loss on disposal of intangible assets	153	-
Write-downs of inventories	33,388	17,271
Net loss on foreign currency exchange	13,631	47,603
Changes in operating assets and liabilities		
Increase in financial assets held for trading	-	(8,265)
Decrease in financial assets mandatorily at FVTPL	41,682	-
Decrease in notes receivable	30,490	2,270
Decrease in trade receivables	213,592	59,332
Increase in trade receivables from related parties	-	(16,154)
(Increase) decrease in other receivables	(47,845)	52,391
Increase in inventories	(671,059)	(108,363)
Decrease in prepayments	36,212	25,780
Decrease in other current assets	238	-
Increase in contract liabilities	8,600	-
Decrease in notes payable	(61,536)	(4,176)
(Decrease) increase in trade payables	(147,207)	17,963
Decrease in other payables	(190,001)	(50,305)
Increase in deferred revenue	740	-
Increase in net defined benefit liabilities	27	18
Increase (decrease) in other current liabilities	108	(4,687)
Increase other operating liabilities	446	-
Cash (used in) generated from operations	(377,094)	377,989
Interest received	3,647	8,622
Interest paid	(4,583)	(2,104)
Income tax paid	(92,183)	(60,725)
Net cash (used in) generated from operating activities	(470,213)	323,782

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BIZLINK HOLDING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	\$ -	\$ (213,894)
Purchase of financial assets at FVTOCI	(35,608)	-
Proceeds from sale of debt investments with no active market	-	860,687
Payments for property, plant and equipment	(106,821)	(51,204)
Proceeds from disposal of property, plant and equipment	23,674	579
Payments for intangible assets	(1,924)	(54)
Increase in refundable deposits	(363)	(102)
Decrease in refundable deposits	1,284	319
Increase in other financial assets	(72,032)	(2,938)
Decrease in other financial assets	62,918	13,571
Increase in prepayments for equipment	<u>(41,294)</u>	<u>(28,114)</u>
Net cash (used in) generated from investing activities	<u>(170,166)</u>	<u>578,850</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of convertible bonds	2,919,500	-
Payments for transaction costs attributable to issue of debt instruments	(27,221)	-
Repayments from short-term borrowings	(630,116)	-
Repayments of long-term borrowings	(148,240)	(4,009)
Refunds of guarantee deposits received	(376)	-
Proceeds from guarantee deposits received	-	56
Proceeds from issuance of common stock for cash	<u>630,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>2,743,547</u>	<u>(3,953)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>101,823</u>	<u>(163,540)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,204,991	735,139
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,684,418</u>	<u>2,417,539</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,889,409</u>	<u>\$ 3,152,678</u>

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

(Concluded)

BIZLINK HOLDING INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

1. GENERAL INFORMATION

BizLink Holding Inc. (“BizLink”) was incorporated in the Cayman Islands in June 2000. The major operating activities of BizLink include designing, manufacturing and selling cable assemblies, connectors, power cords, fiber optical passive components and computer peripheral products.

BizLink’s stocks have been listed on the Taiwan Stock Exchange since April 2011.

The functional currency of BizLink is U.S. dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars, since BizLink’s stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of BizLink and its subsidiaries, collectively referred to as the “Company”, were approved by BizLink’s board of directors on May 11, 2018.

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

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

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

- 1) IFRS 9 “Financial Instruments” and related amendments

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

Classification, measurement and impairment of financial assets

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

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

Financial Assets	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 1,684,418	\$ 1,684,418	(a)
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	18,201	18,201	-
Equity securities	Available-for-sale-financial assets amortized at cost	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	239,640	227,319	(b)
Notes receivable, trade receivables and other receivables	Held-for-trading	Mandatorily at FVTPL	2,151	2,151	-
	Loans and receivables	Amortized cost	4,528,831	4,506,111	(a)
Time deposits with original maturities of more than 3 months	Loans and receivables	Amortized cost	36,236	36,236	(a)
Other financial assets - current	Loans and receivables	Amortized cost	19,975	19,975	(a)
Refundable deposits	Loans and receivables	Amortized cost	50,567	50,567	(a)
Other financial assets - non-current	Loans and receivables	Amortized cost	210,970	210,970	(a)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi- cations	Remea- surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
<u>FVTOCI</u>							
Equity instruments	\$ -						
Add: Reclassification from available-for-sale (IAS 39)	-	\$ 239,640	\$ (12,321)				-
	<u>-</u>	<u>239,640</u>	<u>(12,321)</u>	\$ 227,319	\$ 32,012	\$ (44,333)	(b)
<u>Amortized cost</u>							
Add: Reclassification from loans and receivables (IAS 39)	-	6,530,997	(22,720)				-
	<u>-</u>	<u>6,530,997</u>	<u>(22,720)</u>	<u>6,508,277</u>	<u>(22,720)</u>	<u>-</u>	(a)
	<u>\$ -</u>	<u>\$ 6,770,637</u>	<u>\$ (35,041)</u>	<u>\$ 6,735,596</u>	<u>\$ 9,292</u>	<u>\$ (44,333)</u>	

- a) Cash and cash equivalents, debt instruments with no active market - current, notes receivable, trades receivable, other receivables, other financial assets and refundable deposits, which were previously classified as loans and receivables under IAS 39, were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.
- b) Investments in unlisted stocks, previously measured at cost under IAS 39, have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, a decrease of \$12,321 thousand, a decrease of \$44,333 thousand and an increase of \$32,012 thousand were recognized in financial assets at FVTOCI, other equity - unrealized gain (loss) on financial assets at FVTOCI and retained earnings, respectively, on January 1, 2018.

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

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

The Company elected only to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2018 and recognize the cumulative effect of retrospectively applying IFRS 15 on January 1, 2018.

Impact on assets, liabilities and equity for current period

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Other liabilities - current			
Advance receipts	\$ 20,928	\$ (20,928)	\$ -
Contract liabilities - current	<u>-</u>	<u>20,928</u>	<u>20,928</u>
Total effect on liabilities	<u>\$ 20,928</u>	<u>\$ -</u>	<u>\$ 20,928</u>
March 31, 2018			
Increase in contract liabilities - current			\$ 29,054
Decrease in other liabilities - current			<u>(29,054)</u>
Change in liabilities			<u>\$ -</u>

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
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 16 “Leases”	January 1, 2019 (Note 3)
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from January 1, 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Company shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

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

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

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

2) IFRS 16 “Leases”

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

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Company should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Company as lessor.

When IFRS 16 becomes effective, the Company may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

3) IFRIC 23 “Uncertainty Over Income Tax Treatments”

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

On initial application, the Company shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will not have significant impact to the Company's consolidated financial position and financial performance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China (ROC). If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail. However, the consolidated financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by the FSC for their oversight purposes.

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of BizLink and the entities controlled by BizLink (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

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

See Note 13 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the accounting policies for financial instruments, revenue recognition and the explanations below, refer to the Group's consolidated financial statements for the year ended December 31, 2017 for the summary of significant accounting policies which are followed in these consolidated financial statements.

1) Financial instruments

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

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

a) Financial assets

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

i. Measurement category

2018

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

i) Financial assets at FVTPL

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

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

ii) Financial assets at amortized cost

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and
- Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such a financial asset.

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

iii) Investments in equity instruments at FVTOCI

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

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

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

2017

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

i) Financial assets at FVTPL

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

A financial asset may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. The fair value determination method is described in Note 36.

ii) Available-for-sale financial assets

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

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

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

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

iii) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalents, debt investments with no active market and other financial assets) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

ii. Impairment of financial assets

2018

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

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

2017

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

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

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

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

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

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

iii. Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b) Equity instruments

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

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

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

c) Financial liabilities

i. Subsequent measurement

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

- Financial liabilities at FVTPL

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

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

The fair value determination method is described in Note 36.

ii. Derecognition of financial liabilities

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

d) Convertible bonds

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

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

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

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

e) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to raw material price and foreign exchange rate risks, including foreign exchange forward contracts and copper futures contracts.

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

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

2) Revenue recognition

2018

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

Revenue from the sale of goods comes from sales of electronic materials. Sales of electronic materials are recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2017

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

a) Sale of goods

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

- i. The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. The amount of revenue can be measured reliably;

- iv. It is probable that the economic benefits associated with the transaction will flow to the Company; and
- v. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

b) Dividend and interest income

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

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

3) Hedge accounting

The Company designates certain hedging instruments, which include derivatives and embedded derivatives in respect of cash flow hedges.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period as when the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

Before 2018, hedge accounting was discontinued prospectively when the Company revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument no longer met the criteria for hedge accounting. Starting from 2018, the Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument, which was previously recognized in other comprehensive income from the period in which the hedge was effective, remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

4) Employee benefits

Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

5) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2017.

6. CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand	\$ 1,096	\$ 1,107	\$ 944
Checking accounts and demand deposits	2,577,717	1,655,724	2,970,286
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>1,310,596</u>	<u>27,587</u>	<u>181,448</u>
	<u>\$ 3,889,409</u>	<u>\$ 1,684,418</u>	<u>\$ 3,152,678</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Financial assets at FVTPL - current</u>			
Financial assets designated as at FVTPL			
Dual currency investments (a)	\$ -	\$ -	\$ 208,790
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts (b)	-	12,214	-
Futures contracts - copper (c)	-	5,987	-
Foreign exchange options (d)	-	-	4,556
Non-derivative financial assets			
Domestic and foreign quoted stocks	<u>-</u>	<u>2,151</u>	<u>2,046</u>
	<u>-</u>	<u>20,352</u>	<u>6,602</u>
Financial assets mandatorily at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts (b)	14,390	-	-
Non-derivative financial assets			
Domestic unlisted stocks	<u>1,997</u>	<u>-</u>	<u>-</u>
	<u>16,387</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,387</u>	<u>\$ 20,352</u>	<u>\$ 215,392</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Convertible bond options (Note 22)	<u>\$ 14,284</u>	<u>\$ -</u>	<u>\$ 1,608</u>

- a. The dual currency investments included time deposit and foreign currency options. The redeemed principal currency on the maturity date depends on the spot foreign exchange rate. At the end of the reporting period, outstanding contracts not under hedge accounting were as follows:

Currency	Contract Price (In Thousands)	Maturity Date	Exchange Rate
<u>March 31, 2017</u>			
USD/EUR	US\$4,000	2017.04	≤1.075
USD/EUR	US\$2,870	2017.04	≤1.075

- b. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2018</u>			
Sell	USD/RMB	2018.04-2018.06	US\$39,000/RMB248,030
<u>December 31, 2017</u>			
Sell	USD/RMB	2018.01-2018.04	US\$26,000/RMB172,589

- c. At the end of the reporting period, outstanding futures contracts not under hedge accounting were as follows:

The Company entered into copper futures contracts to manage exposure to exchange rate fluctuations of foreign currency.

	Maturity Date	Weight	Amount (In Thousands)
December 31, 2017	2018.1-2018.4	550 tons	\$133,548 (RMB29,255)

- d. At the end of the reporting period, outstanding foreign exchange options not under hedge accounting:

	Maturity Date	Notional Amount (In Thousands)
<u>March 31, 2017</u>		
Fubon Bank - foreign exchange option	2017.04	EUR5,000
Fubon Bank - foreign exchange option	2017.04	EUR5,000

On March 31, 2018 and December 31, 2017, there were no outstanding foreign exchange options not under hedge accounting.

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

Investment in Equity Instruments at FVTOCI

March 31, 2018

Non-current

Domestic and foreign equity instruments
Unlisted stocks

\$ 298,890

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing short-term fluctuations in these investments' fair values in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes. These

investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Notes 3 and 9 for information relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017	March 31, 2017
<u>Non-current</u>		
Unlisted common stocks	\$ 239,640	\$ 142,884
Classified according to financial asset measurement categories		
Available-for-sale financial assets	\$ 239,640	\$ 142,884

Management believed that the fair value of the above unlisted equity investments held by the Company cannot be reliably measured due to the significant range of reasonable fair value estimates; therefore, they were measured at cost at the end of reporting period.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2017

	December 31, 2017	March 31, 2017
<u>Current</u>		
Time deposits with maturities of longer than 3 months	\$ 36,236	\$ 284,708

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Notes receivable and trade receivables</u>			
Notes receivable - operating	\$ 144,606	\$ 178,592	\$ 995
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 4,072,294	\$ 4,370,526	\$ 1,913,855
Less: Allowance for impairment loss	(50,538)	(30,774)	(14,264)
	\$ 4,021,756	\$ 4,339,752	\$ 1,899,591
<u>Other receivables</u>			
Tax refund receivables	\$ 153,024	\$ 132,395	\$ 6,860
Others	34,516	10,487	7,588
	\$ 187,540	\$ 142,882	\$ 14,448

a. Notes receivable

The average credit period on notes receivable outstanding was 90 to 180 days. In determining the recoverability of notes receivable, the Company considered any change in the credit quality of the notes receivable since the date credit was initially granted to the end of the reporting period. Based on historical experience, the Company did not recognize any allowance for bad debts. The Company uses its past experience with counterparties and analyzes their current financial situations in order to estimate any unrecoverable amount.

There were no overdue notes receivable and no allowance for bad debts recognized on notes receivable at the end of reporting period.

b. Trade receivables

For the three months ended March 31, 2018

The average credit period on the sale of goods was 0 to 120 days after the end of the month in which sales occur. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company applies the simplified approach to the recognition of allowances for expected credit losses during the reporting period prescribed by IFRS 9, which permits the use of a lifetime expected losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the allowance for loss allowance, which is based on the past due status of receivables, is not further distinguished according to different segments of the Company's customer base.

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

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

For the three months ended March 31, 2018

	Not Past Due	Less than and Including 60 Days	61 to 90 Days	91 to 120 Days	121 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.03%	0.57%	4.72%	5.90%	29.32%	100%	-
Gross carrying amount	\$3,532,496	\$ 420,286	\$ 17,483	\$ 12,769	\$ 62,086	\$ 27,174	\$4,072,294
Loss allowance (lifetime ECLs)	(1,202)	(2,378)	(826)	(753)	(18,205)	(27,174)	(50,538)
Amortized cost	<u>\$3,531,294</u>	<u>\$ 417,908</u>	<u>\$ 16,657</u>	<u>\$ 12,016</u>	<u>\$ 43,881</u>	<u>\$ -</u>	<u>\$4,021,756</u>

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

	2018
Balance at January 1, 2018 per IAS 39	\$ 30,774
Adjustment on initial application of IFRS 9	<u>22,720</u>
Balance at January 1, 2018 per IFRS 9	53,494
Less: Impairment losses reversed	(2,126)
Foreign exchange translation gains and losses	<u>(830)</u>
Balance at March 31, 2018	<u>\$ 50,538</u>

For the three months ended March 31, 2017

The Company applied the same credit policy in 2018 and 2017.

The Company recognized an allowance for impairment loss of 100% against all receivables which have been due for over 365 days because historical experience was that receivables that are past due beyond 365 days are not recoverable. Allowance for impairment loss was recognized against trade receivables which have been due for between 120 days and 365 days based on the estimated irrecoverable amounts determined by reference to past default experience with the counterparties and an analysis of their respective current financial positions.

For same trade receivables balances that were past due at the end of the reporting period, the Company did not recognize an allowance for impairment because there was no significant change in the credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or credit enhancements for these balances.

	December 31, 2017	March 31, 2017
Not overdue	\$ 3,830,917	\$ 1,634,948
Past due 1-60 days	381,125	190,585
Past due 61-90 days	55,768	25,296
Past due over 90 days	<u>102,716</u>	<u>63,026</u>
	<u>\$ 4,370,526</u>	<u>\$ 1,913,855</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

The aging of receivables that were past due but not impaired was as follows:

	December 31, 2017	March 31, 2017
Less than and including 60 days	\$ 381,125	\$ 190,585
61-90 days	55,768	25,296
More than 90 days	<u>71,942</u>	<u>48,762</u>
	<u>\$ 508,835</u>	<u>\$ 264,643</u>

The above aging schedule was based on the number of days past due from the end of the credit term.

Movements in the allowance for impairment loss recognized on trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	\$ 15,159	\$ -	\$ 15,159
Foreign exchange translation gains and losses	<u>(895)</u>	<u>-</u>	<u>(895)</u>
Balance at March 31, 2017	<u>\$ 14,264</u>	<u>\$ -</u>	<u>\$ 14,264</u>

As of December 31, 2017 and March 31, 2017, the amounts of individually impaired trade receivables were \$30,774 thousand and \$14,264 thousand, respectively. The Company did not hold any collateral over these balances.

c. Other receivables

For the other receivables' balances that were past due at the end of the reporting period, the Company did not recognize an allowance for impairment loss, because there was not a significant change in the credit quality and the amounts were still considered recoverable.

12. INVENTORIES

	March 31, 2018	December 31, 2017	March 31, 2017
Raw materials	\$ 1,189,297	\$ 1,125,421	\$ 642,160
Work in progress	265,876	202,294	120,806
Finished goods and merchandise	<u>2,347,725</u>	<u>1,912,451</u>	<u>892,002</u>
	<u>\$ 3,802,898</u>	<u>\$ 3,240,166</u>	<u>\$ 1,654,968</u>

For the three months ended March 31, 2018 and 2017, the cost of goods sold included write-down of inventories \$33,388 thousand and \$17,271 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	% of Ownership			Remark
			March 31, 2018	December 31, 2017	March 31, 2017	
BizLink Holding Inc.	BizLink Technology Inc.	(1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	100.00	
	OptiWorks, Inc.	(1) Wholesale and retail of fiber optical passive components and fiber optical cables, (2) international trade, and (3) various investment activities.	-	100.00	100.00	a
	BizLink (BVI) Corp.	(1) Wholesale and retail of cable assemblies, connectors, power cords, (2) wholesale and retail of computer peripheral products and electronic materials, (3) international trade, and (4) various investment activities.	100.00	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	% of Ownership			Remark
			March 31, 2018	December 31, 2017	March 31, 2017	
	BizLink International Corp.	(1) Wholesale of cable assemblies, connectors and power cords, (2) international trade, and (3) financial center for BizLink's Asian operations.	100.00	100.00	100.00	
	Zellwood International Corp.	Various investment activities.	100.00	100.00	100.00	
	BizLink Technology (S.E.A.) Sdn. Bhd.	(1) Design, manufacture and sale of cable assemblies, power cords, and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	100.00	
	Adel Enterprises Corp.	(1) Wholesale and retail of cable assemblies, connectors, and power cords, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	100.00	
	BizLink Tech Inc.	(1) Design, manufacture, and sale of cable assemblies, (2) wholesale and retail of computer peripheral products and electronic materials, (3) production of fiberfill moldings, and (4) international business trade.	100.00	100.00	100.00	
	Accell Corp.	(1) Wholesale and retail of brand name connectors, cables and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) its own brand name.	100.00	100.00	100.00	
	BizLink Technology (Ireland) Ltd.	(1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	100.00	
	BizLink Japan	(1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	100.00	
	Bizwide Limited	Various investment activities.	100.00	100.00	100.00	
	Bizconn Technology Inc.	(1) Wholesale and retail of cable assemblies, power cords and connectors, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	100.00	b
	EA Cable Assemblies (Hong Kong) Co., Limited	Various investment activities.	100.00	100.00	-	c
	EA Cable Assemblies GmbH	(1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade.	100.00	100.00	-	c
	BizLink Technology (Belgium) NV	(1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade.	100.00	100.00	-	c
	BizLink Technology (Slovakia) S.R.O.	(1) Manufacture and assembly of cable harnesses for electrical appliance, and (2) wholesale and retail of cable assemblies and power cords.	100.00	100.00	-	c
BizLink Technology Inc. OptiWorks, Inc.	OW Holding Inc.	Various investment activities.	89.29	100.00	-	a and d
	Bobt, LLC	Various leasing activities.	100.00	100.00	100.00	
	OptiWorks (Shanghai) Limited	(1) Manufacture, wholesale and retail of fiber optical passive components and fiber optical cables, and (2) international trade.	100.00	100.00	100.00	
	OptiWorks (Kunshan) Limited	(1) Production and development of optical communications optoelectronic devices, components and modules, and (2) sale of own products.	100.00	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	% of Ownership			Remark
			March 31, 2018	December 31, 2017	March 31, 2017	
BizLink (BVI) Corp.	Hwa Zhan Electronics Corp. (Shen Zhen)	Production and operations of computers and communications cables, connectors and fiber jumpers.	100.00	100.00	100.00	
	Jo Yeh Company Limited	(1) Wholesale and retail of connectors, and (2) international trade.	100.00	100.00	100.00	
Jo Yeh Company Limited	Foshan Nanhai Jo Yeh Electronic Co., Ltd.	Production and operations of electrical appliances, electronic equipment, and plug-in connectors.	100.00	100.00	100.00	
Zellwood International Corp.	Bizconn International Corp. (Samoa)	Various investment activities.	100.00	100.00	100.00	
	BizLink International Electronics (Shen Zhen) Co., Ltd.	Design, manufacture, sale and assembly of connectors, cables assemblies.	-	-	100.00	e
	BizLink (Kun Shan) Co., Ltd.	Design, manufacture and sale of cable assemblies, connectors and power cords.	100.00	100.00	100.00	
Bizconn International Corp. (Samoa)	Bizconn International Corp. (China)	Design, manufacture, sale and assembly of connectors, tooling and cable assemblies.	100.00	100.00	100.00	
Adel Enterprise Corp.	BizLink Electronics (Xiamen) Co., Ltd.	Manufacture and assembly of power cords and cables.	100.00	100.00	100.00	
Asia Wick Ltd.	Asia Wick Ltd.	Various investment activities.	100.00	100.00	100.00	
	TongYing Electronics (Shen Zhen) Ltd.	Manufacture of wire extrusions and cable assemblies.	100.00	100.00	100.00	
Bizwide Limited	Xiang Yao Electronics (Shen Zhen) Co., Ltd.	Design, manufacture and sale of cable assemblies, power cords, and connectors.	100.00	100.00	100.00	
BizLink Technology (S.E.A.) Sdn. Bhd.	BizLink Interconnect Technology (India) Private Limited	(1) Design, manufacture, and sale of cable assemblies, power cords, and telecommunications equipment, (2) wholesale and retail of computer peripheral products and electronic materials, and (3) international trade.	100.00	100.00	100.00	
BizLink Technology (Slovakia) S.R.O.	BizLink Technology SRB D.O.O.	(1) Manufacture and assembly of connectors and cable assemblies, and (2) wholesale and retail of cable assemblies, connectors and power cords.	100.00	100.00	-	c
EA Cable Assemblies (Hong Kong) Co., Limited	BizLink Technology (Chang Zhou) Limited	(1) Manufacture of smart instrumentational sensors, instrumentational connectors and instrumentational functional materials, (2) sale of own products, and (3) import and export business.	100.00	100.00	-	c
	BizLink Technology (Xiamen) Limited	(1) Manufacture of smart instrumentational sensors, instrumentational connectors, and instrumentational functional materials, (2) sale of own products, and (3) import and export business.	100.00	100.00	-	c
OW Holding Inc.	OptiWorks, Inc.	(1) Wholesale and retail of fiber optical passive components and fiber optical cables, (2) international trade, and (3) various investment activities.	100.00	-	-	a

(Concluded)

Note a: On January 12, 2018, BizLink's board of directors resolved to acquire a 100%-equity interest in OW Holding Inc. by assigning the 100%-equity interest of Optiworks, Inc. to OW Holding Inc.

Note b: Bizconn Technology Inc. is not yet in operation.

Note c: EA Cable Assemblies (Hong Kong) Co., Limited, EA Cable Assemblies GmbH, BizLink Technology (Belgium) NV, BizLink Technology (Slovakia) S.R.O., BizLink Technology SRB D.O.O., BizLink Technology (Chang Zhou) Limited and BizLink Technology (Xiamen) Limited were acquired in May 2017.

Note d: OW Holding Inc. issued stocks in February 2018 to obtain intangible assets, which reduced BizLink's percentage of ownership to 89.29%.

Note e: BizLink International Electronics (Shen Zhen) Co., Ltd. was liquidated in September 2017.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	March 31, 2018	December 31, 2017	March 31, 2017
Associates that are not individually material	<u>\$ 17,892</u>	<u>\$ 18,792</u>	<u>\$ 2,974</u>

At the end of reporting period, the interest share and percentage of voting right held by the Company were as follows:

Name of Associates	March 31, 2018	December 31, 2017	March 31, 2017
Arise Solution Inc.	-	-	48%
Siriustek Inc.	40%	40%	-

The Company acquired 40% of ownership in Siriustek Inc. and was able to exercise significant influence. Included in the cost of investment in associates was goodwill of NT\$6,991 thousand recognized from the acquisition of Siriustek Inc.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of the investment were calculated based on the financial statements that have not been reviewed. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Arise Solution Inc. and Siriustek Inc. that have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Other Equipment	Total
<u>Cost</u>						
Balance at January 1, 2017	\$ 409,440	\$ 757,820	\$ 1,096,549	\$ 19,598	\$ 230,725	\$ 2,514,132
Additions	-	4,598	40,996	-	5,610	51,204
Disposals	-	-	(3,460)	(342)	(863)	(4,665)
Reclassifications (a)	-	4,861	10,300	613	512	16,286
Effect of foreign currency exchange differences	(8,230)	(33,798)	(60,381)	(1,053)	(12,079)	(115,541)
Transfer to investment properties	<u>(51,120)</u>	<u>(50,707)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(101,827)</u>
Balance at March 31, 2017	<u>\$ 350,090</u>	<u>\$ 682,774</u>	<u>\$ 1,084,004</u>	<u>\$ 18,816</u>	<u>\$ 223,905</u>	<u>\$ 2,359,589</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2017	\$ -	\$ 205,704	\$ 612,634	\$ 10,967	\$ 130,428	\$ 959,733
Disposals	-	-	(2,140)	(267)	(796)	(3,203)
Depreciation expense	-	7,456	31,488	500	7,772	47,216
Effect of foreign currency exchange differences	-	(10,569)	(33,697)	(590)	(6,905)	(51,761)
Transfer to investment properties	<u>-</u>	<u>(13,889)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,889)</u>
Balance at March 31, 2017	<u>\$ -</u>	<u>\$ 188,702</u>	<u>\$ 608,285</u>	<u>\$ 10,610</u>	<u>\$ 130,499</u>	<u>\$ 938,096</u>
Carrying amounts at March 31, 2017	<u>\$ 350,090</u>	<u>\$ 494,072</u>	<u>\$ 475,719</u>	<u>\$ 8,206</u>	<u>\$ 93,406</u>	<u>\$ 1,421,493</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Other Equipment	Total
<u>Cost</u>						
Balance at January 1, 2018 (after measurement period adjustment)	\$ 347,784	\$ 785,428	\$ 2,081,624	\$ 20,322	\$ 556,023	\$ 3,791,181
Additions	-	3,737	79,741	-	23,343	106,821
Disposals	-	-	(56,809)	-	(6,055)	(62,864)
Reclassifications (b)	-	22	17,187	-	1,300	18,509
Effect of foreign currency exchange differences	<u>(2,616)</u>	<u>(2,250)</u>	<u>28,367</u>	<u>290</u>	<u>5,372</u>	<u>29,163</u>
Balance at March 31, 2018	<u>\$ 345,168</u>	<u>\$ 786,937</u>	<u>\$ 2,150,110</u>	<u>\$ 20,612</u>	<u>\$ 579,983</u>	<u>\$ 3,882,810</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018 (after measurement period adjustment)	\$ -	\$ 225,011	\$ 1,167,629	\$ 12,106	\$ 299,393	\$ 1,704,139
Disposals	-	-	(28,325)	-	(5,629)	(33,954)
Depreciation expense	-	8,289	39,018	575	30,160	78,042
Effect of foreign currency exchange differences	<u>-</u>	<u>1,647</u>	<u>16,827</u>	<u>171</u>	<u>3,215</u>	<u>21,860</u>
Balance at March 31, 2018	<u>\$ -</u>	<u>\$ 234,947</u>	<u>\$ 1,195,149</u>	<u>\$ 12,852</u>	<u>\$ 327,139</u>	<u>\$ 1,770,087</u>
Carrying amounts at December 31, 2017 and January 1, 2018	<u>\$ 347,784</u>	<u>\$ 560,417</u>	<u>\$ 913,995</u>	<u>\$ 8,216</u>	<u>\$ 256,630</u>	<u>\$ 2,087,042</u>
Carrying amounts at March 31, 2018	<u>\$ 345,168</u>	<u>\$ 551,990</u>	<u>\$ 954,961</u>	<u>\$ 7,760</u>	<u>\$ 252,844</u>	<u>\$ 2,112,723</u>

(Concluded)

- Reclassifications from inventory and other non-current assets - prepayments for equipment to property, plant and equipment amounted to \$6,391 thousand and \$9,895 thousand, respectively.
- Reclassifications from inventory and other non-current assets - prepayments for equipment to property, plant and equipment amounted to \$13,073 thousand and \$5,436 thousand, respectively.

No impairment assessments were performed for the three months ended March 31, 2018 and 2017 as there were no indications of impairment.

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

Buildings	
Main buildings	20-55 years
Construction appurtenance	2-20 years
Machinery and equipment	2-10 years
Transportation	2-10 years
Other equipment	2-10 years

Refer to Note 38 for the carrying amount of property, plant and equipment pledged by the Company to secure borrowings granted.

16. INVESTMENT PROPERTIES

	Freehold Land	Building	Total
<u>Cost</u>			
Balance at January 1, 2017	\$ 43,715	\$ 108,013	\$ 151,728
Transferred from property, plant and equipment	51,120	50,707	101,827
Effect of foreign currency exchange differences	<u>(2,637)</u>	<u>(6,515)</u>	<u>(9,152)</u>
Balance at March 31, 2017	<u>\$ 92,198</u>	<u>\$ 152,205</u>	<u>\$ 244,403</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2017	\$ -	\$ 20,772	\$ 20,772
Depreciation expense	-	949	949
Transferred from property, plant and equipment	-	13,889	13,889
Effect of foreign currency exchange differences	<u>-</u>	<u>(1,272)</u>	<u>(1,272)</u>
Balance at March 31, 2017	<u>\$ -</u>	<u>\$ 34,338</u>	<u>\$ 34,338</u>
Carrying amounts at March 31, 2017	<u>\$ 92,198</u>	<u>\$ 117,867</u>	<u>\$ 210,065</u>
<u>Cost</u>			
Balance at January 1, 2018	\$ 91,460	\$ 150,637	\$ 242,097
Transferred from property, plant and equipment	-	-	-
Effect of foreign currency exchange differences	<u>(835)</u>	<u>(2,050)</u>	<u>(2,885)</u>
Balance at March 31, 2018	<u>\$ 90,625</u>	<u>\$ 148,587</u>	<u>\$ 239,212</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ -	\$ 36,760	\$ 36,760
Depreciation expense	-	906	906
Transferred from property, plant and equipment	-	-	-
Effect of foreign currency exchange differences	<u>-</u>	<u>(451)</u>	<u>(451)</u>
Balance at March 31, 2018	<u>\$ -</u>	<u>\$ 37,215</u>	<u>\$ 37,215</u>
Carrying amounts at December 31, 2017 and January 1, 2018	<u>\$ 91,460</u>	<u>\$ 113,877</u>	<u>\$ 205,337</u>
Balance at March 31, 2018	<u>\$ 90,625</u>	<u>\$ 111,372</u>	<u>\$ 201,997</u>

Investment properties were depreciated using the straight-line method over their estimated useful lives as follows:

Building	
Main buildings	39-55 years
Construction appurtenances	5-10 years

The determination of fair value was performed by the management of the Company by using the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	March 31, 2018	December 31, 2017	March 31, 2017
Fair value	<u>\$ 276,889</u>	<u>\$ 309,421</u>	<u>\$ 230,310</u>

Refer to Note 38 for the carrying amount of investment properties pledged by the Company to secure borrowings granted.

17. GOODWILL

	For the Three Months Ended March 31	
	2018	2017
<u>Cost</u>		
Balance at January 1	\$ 395,860	\$ -
Additional amounts recognized from business combinations occurring during the period	-	-
Effects of foreign currency exchange differences	<u>3,681</u>	<u>-</u>
Balance at March 31	<u>\$ 399,541</u>	<u>\$ -</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ -	\$ -
Effects of foreign currency exchange differences	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ -</u>	<u>\$ -</u>
Carrying amounts at January 1	<u>\$ 395,860</u>	<u>\$ -</u>
Carrying amounts at March 31	<u>\$ 399,541</u>	<u>\$ -</u>

In January 2017, the board of directors resolved to acquire Leoni AG's Electrical Appliance Assemblies business group on May 2, 2017 and recognized goodwill of EUR11,129 and (translated into NT\$399,541 thousand on March 31, 2018). Any excess of the cost of acquisition over the Company's share of the net fair value of the obtained identifiable assets and liabilities is recognized as goodwill on the acquisition date with provisional prices determined based on the purchase pricing allocation report. The Company will conduct impairment tests on goodwill related to the identified cash generating units regularly in accordance with the recoverable amount based on a discounted cash flow analysis.

The comparative figures here have been restated based on the purchase price allocation report as if the initial accounting treatment and provisional prices were completed on the acquisition date:

	December 31, 2017 (Measurement Period Adjustment)	Acquisition Date (Measurement Period Adjustment)
<u>Assets</u>		
Current assets	\$ -	\$ (5,822)
Non-current assets		
Property, plant and equipment	(8,071)	(12,992)
Intangible assets	(88,742)	(85,514)
Goodwill	22,766	21,050
Others	-	(12,071)
<u>Liabilities</u>		
Current liabilities	(79,239)	(31,148)
Non-current liabilities	-	(8,519)
<u>Equity</u>		
Retained earnings	17,714	-
Other equity	(12,522)	-

18. OTHER INTANGIBLE ASSETS

	Patents	Computer Software	Trademarks	Customer Relationships	Core Technology	Total
<u>Cost</u>						
Balance at January 1, 2017	\$ 25,800	\$ 191,844	\$ 63	\$ -	\$ -	\$ 217,707
Additions	-	54	-	-	-	54
Reclassifications (a)	-	12,458	-	-	-	12,458
Effect of foreign currency exchange differences	(1,556)	(10,347)	-	-	-	(11,903)
Balance at March 31, 2017	<u>\$ 24,244</u>	<u>\$ 194,009</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,316</u>
<u>Accumulated depreciation and impairment</u>						
Balance, at January 1, 2017	\$ 17,133	\$ 82,653	\$ 52	\$ -	\$ -	\$ 99,838
Amortization expense	467	5,459	2	-	-	5,928
Effect of foreign currency exchange differences	(1,046)	(4,568)	-	-	-	(5,614)
Balance at March 31, 2017	<u>\$ 16,554</u>	<u>\$ 83,544</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,152</u>
Carrying amounts at March 31, 2017	<u>\$ 7,690</u>	<u>\$ 110,465</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,164</u>
<u>Cost</u>						
Balance at January 1, 2018 (measurement period adjustment)	\$ 23,808	\$ 241,885	\$ 63	\$ 174,197	\$ 163,071	\$ 603,024
Additions	-	1,924	-	-	-	1,924
Acquisitions through business combinations	-	-	-	41,910	48,944	90,854
Reclassifications (b)	-	1,348	-	-	-	1,348
Disposals	-	(2,394)	-	-	-	(2,394)
Effect of foreign currency exchange differences	(488)	2,536	-	1,973	1,897	5,918
Balance at March 31, 2018	<u>\$ 23,320</u>	<u>\$ 245,299</u>	<u>\$ 63</u>	<u>\$ 218,080</u>	<u>\$ 213,912</u>	<u>\$ 700,674</u>

(Continued)

	Patents	Computer Software	Trademarks	Customer Relationships	Core Technology	Total
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018 (measurement period adjustment)	\$ 17,596	\$ 121,072	\$ 58	\$ 17,866	\$ 19,766	\$ 176,358
Amortization expense	440	7,504	2	7,789	8,679	24,414
Effect of foreign currency exchange differences	(364)	1,122	-	223	264	1,245
Disposals	-	(2,241)	-	-	-	(2,241)
Balance at March 31, 2018	<u>\$ 17,672</u>	<u>\$ 127,457</u>	<u>\$ 60</u>	<u>\$ 25,878</u>	<u>\$ 28,709</u>	<u>\$ 199,776</u>
Carrying amounts at December 31, 2017 and January 1, 2018	<u>\$ 6,212</u>	<u>\$ 120,813</u>	<u>\$ 5</u>	<u>\$ 156,331</u>	<u>\$ 143,305</u>	<u>\$ 426,666</u>
Carrying amounts at March 31, 2018	<u>\$ 5,648</u>	<u>\$ 117,842</u>	<u>\$ 3</u>	<u>\$ 192,202</u>	<u>\$ 185,203</u>	<u>\$ 500,898</u>

(Concluded)

- Reclassifications of other non-current assets - prepayments for equipment to intangible assets amounted to \$12,458 thousand.
- Reclassifications of other non-current assets - prepayments for equipment to intangible assets amounted to \$1,348 thousand.

The above items of intangible assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

Patents	5 years
Computer software	3-10 years
Trademarks	10 years
Customer relationships	6.5-10.4 years
Core technology	5.5-10.4 years

19. PREPAYMENTS FOR LEASES

	March 31, 2018	December 31, 2017	March 31, 2017
Current assets (included in prepayments)	\$ 1,178	\$ 1,251	\$ 1,273
Non-current assets	<u>38,956</u>	<u>38,605</u>	<u>38,190</u>
	<u>\$ 40,134</u>	<u>\$ 39,856</u>	<u>\$ 39,463</u>

As of March 31, 2018, December 31, 2017 and March 31, 2017, prepaid lease payments included land use right with carrying amounts of NT\$40,134 thousand, \$39,856 thousand and \$39,463 thousand, respectively, which are located in mainland China.

20. OTHER ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Current</u>			
Prepayments (includes prepayments for leases)	\$ 175,368	\$ 217,310	\$ 110,866
Others	<u>1,846</u>	<u>2,126</u>	<u>-</u>
	<u>\$ 177,214</u>	<u>\$ 219,436</u>	<u>\$ 110,866</u>
<u>Other financial assets - current</u>			
Time deposits with original maturities of more than 3 months (Note)	\$ 36,809	\$ -	\$ -
Pledged bank deposits (Note 38)	<u>27,464</u>	<u>19,975</u>	<u>1,370</u>
	<u>\$ 64,273</u>	<u>\$ 19,975</u>	<u>\$ 1,370</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 80,122	\$ 60,031	\$ 74,082
Prepayments for investments	-	33,034	-
Refundable deposits	<u>50,386</u>	<u>50,567</u>	<u>34,708</u>
	<u>\$ 130,508</u>	<u>\$ 143,632</u>	<u>\$ 108,790</u>
<u>Other financial assets - non-current</u>			
Time deposits with original maturities of more than 3 months (Note)	\$ 63,213	\$ -	\$ -
Pledged bank deposits (Note 38)	<u>145,750</u>	<u>210,970</u>	<u>61,752</u>
	<u>\$ 208,963</u>	<u>\$ 210,970</u>	<u>\$ 61,752</u>

Note: Time deposits with original maturities of more than 3 months were classified to debt investments with no active market under IAS 39. Now they are reclassified to other financial assets under IFRS 9.

21. BORROWINGS

a. Short-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Secured borrowings (Note 38)</u>			
Bank loans	\$ 64,500	\$ 64,500	\$ 64,500
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>197,446</u>	<u>841,422</u>	<u>-</u>
	<u>\$ 261,946</u>	<u>\$ 905,922</u>	<u>\$ 64,500</u>

The range of interest rate on bank loans was 0.34%-1.30%, 0.31%-2.28% and 1.15%-1.40% per annum as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

b. Long-term borrowings and current portion of long-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Secured borrowings (Note 38)</u>			
Bank loans	\$ 376,683	\$ 381,441	\$ 391,626
Less: Current portion (due in one year)	<u>(12,323)</u>	<u>(6,904)</u>	<u>(33,473)</u>
	<u>364,360</u>	<u>374,537</u>	<u>358,153</u>
<u>Unsecured borrowings</u>			
Bank loans	-	148,800	-
Less: Current portion (due in one year)	<u>-</u>	<u>(119,040)</u>	<u>-</u>
	<u>-</u>	<u>29,760</u>	<u>-</u>
Long-term borrowings	<u>\$ 364,360</u>	<u>\$ 404,297</u>	<u>\$ 358,153</u>

In February 2016 and May 2014, the long-term secured borrowings were provided with collateral in the form of freehold land and buildings valued at \$237,980 thousand and US\$5,800 thousand, respectively. Such loans are due in January 2026 and May 2021, respectively. As of March 31, 2018, December 31, 2017 and March 31, 2017, the annual effective interest rate was 1.41%-3.12%, 1.41%-3.09% and 1.41%-2.73%, respectively, per annum.

22. BONDS PAYABLE

	March 31, 2018	December 31, 2017	March 31, 2017
Overseas unsecured bonds' par value	\$ 2,915,000	\$ -	\$ 1,386,454
Less: Unamortized bond discount	(200,991)	-	(96,488)
Less: Current portion	<u>-</u>	<u>-</u>	<u>(1,289,966)</u>
	<u>\$ 2,714,009</u>	<u>\$ -</u>	<u>\$ -</u>

- a. On February 3, 2016, BizLink issued its first five-year unsecured, zero-coupon overseas convertible bonds with a US\$250 thousand par value, at an aggregate principal amount of US\$60,000 thousand and with an additional aggregate principal amount of US\$20,000 thousand. On March 4, 2016, subscription of the additional amount was completed.

The following items are the primary clauses in the prospectus:

1) Term

From February 3, 2016 to February 3, 2021.

2) Conversion

Conversion period

Unless previously converted, redeemed or repurchased and cancelled, the bonds may be converted into fully paid common stocks at the option of the bondholders at any time during the period from and including March 13, 2016 to and including the close of business on the tenth calendar day prior to the maturity date except during any closed period.

Conversion price and adjustments

The price used by BizLink in determining the number of common stocks to be issued upon conversion is initially NT\$179.40 per share with a fixed exchange rate applicable on conversion of the bonds of NT\$33.62=US\$1.00. The conversion price will be subject to adjustment, according to a formula stated in the prospectus, due to any change in the issuance of common stocks. The conversion price as of March 31, 2017 was NT\$166.1 per share.

3) Bondholders' put rights

- a) On February 3, 2018 (2 years after the issue date), each bondholder will have the right, at such bondholder's option, to require BizLink to redeem, in whole or in part, the principal amount of such bondholder's bonds at 102.02%.
- b) In the event that the stocks cease to be listed or admitted for trading or are suspended from trading for a period equal to or exceeding 30 consecutive trading days on the TWSE, each bondholder shall have the right to require BizLink to redeem the bonds, in whole or in part, at their early redemption amount. The early redemption amount of a bond is determined so that it represents for the bondholders of the bonds a gross yield of 1.00% per annum, calculated on a semi-annual basis.
- c) If a change of control occurs, each bondholder shall have the right at such bondholder's option to require BizLink to redeem such bondholder's bonds in whole or in part.

4) Redemption

- a) BizLink may redeem the bonds in whole, but not in part, at their early redemption amount if more than 90% of the principal amount of the bonds has already been converted or redeemed or repurchased and cancelled.
 - b) BizLink may redeem the bonds in whole, but not in part, at their early redemption amount if the Company has become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or the Republic of China (ROC).
- 5) The option and liability portions are accounted for separately, and the liability portion is respectively included in financial liabilities at fair value through profit or loss - current, bonds payable and capital surplus - options.
- 6) The convertible bond has two components, the main debt contract instrument and the derivative convertible option. The main debt contract has an effective rate of 1.75%. The derivative convertible option instrument is accounted for at fair value through profit and loss (FVTPL) (see Note 7).

- 7) For the three months ended March 31, 2017, the amount of converted convertible bonds of \$554,730 thousand (US\$16,500 thousand) was reclassified to common stocks at \$33,397 thousand and capital surplus - options at \$521,333 thousand. Bonds payable discounts, financial liabilities at FVTPL - current and capital surplus - options on the conversion date in the amounts of \$(36,265) thousand, \$322 thousand and \$32,784 thousand, respectively, were also reclassified to capital surplus - conversion of bonds. Amortization of discounts on bonds payable was \$7,773 thousand and was included in finance costs.
- 8) The bondholders can request BizLink to redeem their bonds in whole or in part at two years after the issued date. On March 31, 2017, bonds payable were reclassified to current bonds payable in the amount of \$1,289,966 thousand.
- b. On February 1, 2018, BizLink issued the second five-year unsecured, zero-coupon overseas convertible bonds with a US\$250 thousand par value, at an aggregate principal amount of US\$100,000 thousand.

The following items are the primary clauses in the prospectus:

1) Term

From February 1, 2018 to February 1, 2023.

2) Conversion

Conversion period

Unless previously converted, redeemed or repurchased and cancelled, the bonds may be converted into fully paid common stocks at the option of the bondholders at any time, from three months after the issue date (excluding the issue date) until 10 days before the maturity date.

Conversion price and adjustments

The price used by BizLink in determining the number of common stocks to be issued upon conversion is initially NT\$320 per share with a fixed exchange rate applicable on conversion of the bonds of NT\$29.075=US\$1.00. The conversion price will be subjected to adjustment, according to a formula stated in the prospectus, due to any change in the issuance of common stocks. The conversion price as of March 31, 2018 was NT\$320 per share.

3) Bondholders' put rights

- a) Unless previously converted, redeemed or repurchased and cancelled, at 2 years after the issue date, each bondholder will have the right, at such bondholder's option, to require BizLink to redeem, in whole or in part, the principal amount of such bondholder's bonds at 102.52%.
- b) In the event that the stocks cease to be listed or admitted for trading or are suspended from trading on the TWSE, each bondholder shall have the right to require BizLink to redeem the bonds, in whole or in part, at their early redemption amount. The early redemption amount of a bond is determined so that it represents for the bondholders of the bonds a gross yield of 1.25% per annum, calculated on a semi-annual basis.
- c) If a change of control occurs, each bondholder shall have the right at such bondholder's option to require BizLink to redeem such bondholder's bonds in whole or in part.

4) Redemption

- a) BizLink may redeem the bonds in whole, but not in part, at their early redemption amount if more than 90% of the principal amount of the bonds has already been converted or redeemed or repurchased and cancelled.
 - b) BizLink may redeem the bonds in whole, but not in part, at their early redemption amount if the Company has become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or the Republic of China (ROC).
 - c) From two years to the day after the issue date to the maturity date, if the closing price for 20 transaction days of 30 consecutive business days of BizLink's common stock on the TWSE (converted into U.S. dollars at the spot exchange rate) is greater than the early redemption price applicable on the day decided by the convertible ratio exceeds 130%, then BizLink may redeem the bonds in whole or part at the early redemption amount.
- 5) The option and liability portions are accounted for separately, and the liability portion is respectively included in financial liabilities at fair value through profit or loss - current, bonds payable and capital surplus - options.
 - 6) The convertible bond has two components, the main debt contract instrument and the derivative convertible option. The main debt contract has an effective rate of 1.48%. The derivative convertible option instrument is accounted for at fair value through profit and loss (FVTPL) (see Note 7).
 - 7) From February 1, 2018 (the issue date) to March 31, 2018, amortization of discounts on bonds payable was \$6,714 thousand and was included in finance costs. As of March 31, 2018, the second unsecured convertible overseas bonds issued were not converted.

Issued price (deducted transaction costs of \$27,221 thousand)	\$ 2,892,279
Equity component	(169,777)
Financial liabilities at FVTPL	<u>(10,991)</u>
Liability component at issue date	2,711,511
Amortized interest	(6,714)
Effect of foreign exchange rate	<u>9,212</u>
Liability component as of March 31, 2018	<u>\$ 2,714,009</u>

23. NOTES PAYABLE AND TRADE PAYABLES

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Notes payable</u>			
Operating	\$ 120,993	\$ 186,066	\$ 6,102
Non-operating	<u>55</u>	<u>-</u>	<u>15</u>
	<u>\$ 121,048</u>	<u>\$ 186,066</u>	<u>\$ 6,117</u>
<u>Trade payables</u>			
Operating	<u>\$ 3,034,735</u>	<u>\$ 3,248,355</u>	<u>\$ 1,221,059</u>

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

24. OTHER LIABILITIES

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Current</u>			
Other payables			
Salaries or bonuses	\$ 364,414	\$ 541,330	\$ 329,220
Welfare funds	26,791	26,928	22,594
Payables for taxes	9,417	22,658	22,871
Payables for employee bonuses	89,540	76,493	63,999
Payables for remuneration of directors	11,415	9,132	12,615
Payables for professional fees	40,959	37,415	86,499
Payables for shipping	40,568	45,682	13,842
Others	<u>309,300</u>	<u>313,319</u>	<u>156,012</u>
	<u>\$ 892,404</u>	<u>\$1,072,957</u>	<u>\$ 707,652</u>
Contract liabilities	<u>\$ 29,054</u>	<u>\$ -</u>	<u>\$ -</u>
Other liabilities			
Advance receipts	\$ -	\$ 20,928	\$ 7,652
Receipts under custody	1,150	1,191	3,496
Others	<u>1,144</u>	<u>1,042</u>	<u>1,057</u>
	<u>\$ 2,294</u>	<u>\$ 23,161</u>	<u>\$ 12,205</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	\$ 8,235	\$ 8,789	\$ 4,844
Deferred revenue - government grants	17,848	17,470	-
Others	<u>1,844</u>	<u>1,429</u>	<u>-</u>
	<u>\$ 27,927</u>	<u>\$ 27,688</u>	<u>\$ 4,844</u>

25. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Company's defined benefit retirement plans were calculated using the respective prior year's actuarially determined pension cost discount rates as of December 31, 2017 and 2016, and the Company recognized NT\$78 thousand and NT\$73 thousand for the three months ended March 31, 2018 and 2017, respectively.

26. EQUITY

a. Capital stock

Common stocks

	March 31, 2018	December 31, 2017	March 31, 2017
Number of stocks authorized (in thousand)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Stocks authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of stocks issued and fully paid (in thousand)	<u>118,566</u>	<u>115,566</u>	<u>106,299</u>
Stocks issued	<u>\$ 1,185,664</u>	<u>\$ 1,155,664</u>	<u>\$ 1,062,990</u>

Fully paid common stocks, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

BizLink's board of directors approved a stock issuance for cash amounting to 3,000 thousand units of common stocks, with a par value of NT\$210. The proceeds from the issuance of NT\$630,000 thousand were fully received, and the issuance was listed on January 18, 2018.

b. Capital surplus

	March 31, 2018	December 31, 2017	March 31, 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (Note 1 below)			
Stock premiums	\$ 1,512,817	\$ 894,762	\$ 827,037
Conversion of bonds	<u>3,010,509</u>	<u>3,010,509</u>	<u>1,564,843</u>
	<u>\$ 4,523,326</u>	<u>\$ 3,905,271</u>	<u>\$ 2,391,880</u>
May be used to offset a deficit only (Note 2 below)			
Conversion of employee stock options	\$ 50,032	\$ 50,032	\$ 50,032
Others - expired stock options	<u>4,619</u>	<u>4,619</u>	<u>4,619</u>
	<u>\$ 54,651</u>	<u>\$ 54,651</u>	<u>\$ 54,651</u>
May not be used for any purpose			
Employee stock options	\$ -	\$ 18,055	\$ -
Employee restricted stocks	152,757	152,757	225,750
Stock warrants	<u>169,777</u>	<u>-</u>	<u>90,902</u>
	<u>\$ 322,534</u>	<u>\$ 170,812</u>	<u>\$ 316,652</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: When employee stock options are exercised, capital surplus - options are transferred to capital surplus - stock premiums and when the options expired, capital surplus - options are transferred to capital surplus - others.

A reconciliation of the carrying amount for each class of capital surplus was as follows:

	Stock Premiums	Conversion of Employee Stock Options	Conversion of Bonds	Stock Warrants	Employee Restricted Stocks	Employee Stock Options	Others - Expired Stock Options	Total
Balance at January 1, 2017	\$ 827,037	\$ 50,032	\$ 1,046,669	\$ 123,686	\$ 225,750	\$ -	\$ 4,619	\$ 2,277,793
Convertible bonds converted to common stocks	-	-	518,174	(32,784)	-	-	-	485,390
Balance at March 31, 2017	<u>\$ 827,037</u>	<u>\$ 50,032</u>	<u>\$ 1,564,843</u>	<u>\$ 90,902</u>	<u>\$ 225,750</u>	<u>\$ -</u>	<u>\$ 4,619</u>	<u>\$ 2,763,183</u>
Balance at January 1, 2018	\$ 894,762	\$ 50,032	\$ 3,010,509	\$ -	\$ 152,757	\$ 18,055	\$ 4,619	\$ 4,130,734
Premium from equity stock-based payment under issue of common stock for cash	18,055	-	-	-	-	(18,055)	-	-
Issue of common stock for cash	600,000	-	-	-	-	-	-	600,000
Equity component of convertible bonds	-	-	-	169,777	-	-	-	169,777
Balance at March 31, 2018	<u>\$ 1,512,817</u>	<u>\$ 50,032</u>	<u>\$ 3,010,509</u>	<u>\$ 169,777</u>	<u>\$ 152,757</u>	<u>\$ -</u>	<u>\$ 4,619</u>	<u>\$ 4,900,511</u>

c. Retained earnings and dividend policy

Under the dividend policy by the Articles, BizLink may distribute profit in accordance with a proposal for distribution of profit prepared by the directors and approved by the members by an ordinary resolution at any general meeting. The directors shall prepare such proposal as follows: (1) The proposal shall begin with BizLink's annual net income and offset its losses in previous years that have not been previously offset, and then set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve equals the total capital of BizLink, (2) then BizLink shall set aside a special capital reserve, if one is required, in accordance with the applicable public company rules or as requested by the authorities in charge. Any balance left over may be distributed as dividends (including cash dividends or stock dividends) or bonuses in accordance with the statutes and the applicable public company rules and after taking into consideration financial, business and operational factors with the amount of profits distributed at not lower than 10% of profit after tax of the then current year and the amount of cash dividends distributed thereupon shall not be less than 10% of the profit proposed to be distributed of the then current year. Refer to employee's compensation and remuneration of directors in Note 28 (g) for details.

Legal reserve may be used to offset any deficit. If the Company has no deficit and the legal reserve has exceeded 25% of BizLink's paid-in capital, the excess may be transferred to capital or distributed in cash.

BizLink appropriates or reverses a special reserve in accordance with Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Distribution can be made out of any subsequent reversal of debits to other equity items.

The appropriations of earnings for 2017 and 2016 were proposed by the board of directors on March 13, 2018 and approved in the shareholders' meetings on June 15, 2017, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Stock (NT\$)	
	2017	2016	2017	2016
Legal reserve	\$ 116,246	\$ 90,995	\$ -	\$ -
Special reserve	299,927	5,993	-	-
Cash dividends	809,210	720,715	7.0	7.0

The appropriations of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on June 21, 2018.

d. Other equity items

1) Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	\$ (617,080)	\$ (304,631)
Exchange differences on translating foreign operations	285,082	51,567
Exchange differences on translation to presentation currency	<u>(209,963)</u>	<u>(384,115)</u>
Balance at March 31	<u>\$ (541,961)</u>	<u>\$ (637,179)</u>

2) Unrealized gain or loss of financial assets at FVTOCI

	For the Three Months Ended March 31, 2018
Balance at January 1 per IAS 39	\$ -
Adjustment on initial application of IFRS 9	<u>(44,333)</u>
Balance at January 1 per IFRS 9	<u>(44,333)</u>
Recognized during the period	
Unrealized gain or loss	
Equity instruments	<u>27,286</u>
Balance at March 31	<u>\$ (17,047)</u>

3) Gain or loss on hedging instruments

Cash flow hedges

	For the Three Months Ended March 31, 2018
Balance at January 1	\$ -
Recognized during the period	
Gain (loss) on changes in fair value of hedging instruments	
Raw material price risk - copper futures contracts	(16,510)
Transferred to carrying amount of hedged items	
Raw material initial price risk - copper futures contracts	(602)
Related income tax	<u>4,278</u>
Balance at March 31	<u>\$ (12,834)</u>

4) Employee unearned benefits

In the meeting of stockholders on June 15, 2017, the stockholders approved a restricted stock plan for employees (Note 31).

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	\$ (92,420)	\$ (229,047)
Stock-based payment expenses recognized	<u>16,706</u>	<u>36,531</u>
Balance at March 31	<u>\$ (75,714)</u>	<u>\$ (192,516)</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	\$ -	\$ -
Share in profit for the period	1,734	-
Other comprehensive income (loss) in the period		
Exchange differences on translating foreign operations	159	-
Equity component of common stock issued by subsidiaries	<u>47,785</u>	<u>-</u>
Balance at March 31	<u>\$ 49,678</u>	<u>\$ -</u>

27. REVENUE

a. Description of customer contracts

Revenue from sales of goods

The main operating revenue of the Company was from the wholesale and retail of cable assemblies, power cords and connectors at fixed contract prices.

b. Contract balance

	March 31, 2018
Trade receivables (Note 11)	<u>\$ 4,021,756</u>
Contract liabilities - current	
Sales of goods	<u>\$ 29,054</u>

c. Sales details of customer contracts

Sales details are disclosed in Note 42.

28. NET PROFIT FROM OPERATIONS

a. Other income

	For the Three Months Ended March 31	
	2018	2017
Interest income		
Bank deposits	\$ 3,647	\$ 8,622
Rental income	5,217	4,763
Government grants revenue	7,206	6,458
Others	<u>913</u>	<u>539</u>
	<u>\$ 16,983</u>	<u>\$ 20,382</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2018	2017
Financial assets and liabilities		
Financial assets held for trading	\$ -	\$ (3,023)
Financial assets mandatorily at FVTPL	38,115	-
Financial liabilities held for trading	(3,328)	3,356
Net foreign exchange losses	(102,693)	(21,486)
Loss on disposal of property, plant and equipment	(5,236)	(883)
Loss on disposal of intangible assets	(153)	-
Others	<u>(2,133)</u>	<u>(225)</u>
	<u>\$ (75,428)</u>	<u>\$ (22,261)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2018	2017
Interest on bank loans	\$ (4,343)	\$ (2,104)
Interest on convertible bonds	(6,714)	(7,773)
Others	<u>(240)</u>	<u>-</u>
	<u>\$ (11,297)</u>	<u>\$ (9,877)</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2018	2017
Property, plant and equipment	\$ 78,042	\$ 47,216
Investment property	906	949
Intangible assets	<u>24,414</u>	<u>5,928</u>
	<u>\$ 103,362</u>	<u>\$ 54,093</u>
An analysis of depreciation by function		
Operating costs	\$ 60,182	\$ 33,087
Operating expenses	<u>18,766</u>	<u>15,078</u>
	<u>\$ 78,948</u>	<u>\$ 48,165</u>
An analysis of amortization by function		
Operating costs	\$ 9,174	\$ 112
Selling and marketing expenses	6,895	21
General and administrative expenses	7,491	5,268
Research and development expenses	<u>854</u>	<u>527</u>
	<u>\$ 24,414</u>	<u>\$ 5,928</u>

e. Operating expense directly related to investment properties

	For the Three Months Ended March 31	
	2018	2017
Direct operating expenses from investment properties generating rental income	<u>\$ 906</u>	<u>\$ 949</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2018	2017
Short term benefit	\$ 752,899	\$ 455,029
Other employee benefits	<u>94,233</u>	<u>37,048</u>
Share-based payments	<u>16,706</u>	<u>36,531</u>
Post-employment benefits (Note 25)		
Defined contribution plans	38,714	24,145
Defined benefit plans	<u>78</u>	<u>73</u>
	<u>38,792</u>	<u>24,218</u>
Total employee benefits expense	<u>\$ 902,630</u>	<u>\$ 552,826</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 578,860	\$ 253,214
Operating expenses	<u>323,770</u>	<u>299,612</u>
	<u>\$ 902,630</u>	<u>\$ 552,826</u>

g. Employees' compensation and remuneration of directors

BizLink accrued employees' compensation at rates of no less than 1% and no higher than 10%, and remuneration to directors at rates of no higher than 3% of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2018 and 2017, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2018	2017
Employees' compensation	4.67%	3.93%
Remuneration of directors	0.79%	0.92%

Amount

	For the Three Months Ended March 31	
	2018	2017
Employees' compensation	\$ 13,047	\$ 10,508
Remuneration of directors	\$ 2,198	\$ 2,452

If there is a change in the amounts after the annual consolidated financial statements are authorized for publishing, the differences will be recognized as a change in the accounting estimation.

The appropriations of employees' compensation and remuneration to directors for 2017 and 2016, which were resolved by the board of directors on March 13, 2018 and March 8, 2017, respectively.

	For the Year Ended December 31			
	2017		2016	
	Cash	Stock	Cash	Stock
Bonus to employees	\$ 52,188	\$ -	\$ 43,566	\$ -
Remuneration of directors	9,132	-	10,163	-

The actual amounts of the employees' compensation and remuneration of directors paid for 2017 and 2016 were no different from the amounts recognized in the consolidated financial statements for the year ended December 31, 2017 and 2016.

Information for the employees' compensation and remuneration of directors resolved by BizLink's board of directors in 2018 and 2017 are available at the Market Observation Post System website of the Taiwan Stock Exchange.

29. INCOME TAXES RELATING TO OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2018	2017
Current tax		
In respect of the current period	\$ 36,333	\$ 50,195
Adjustments for prior periods	<u>(4,813)</u>	<u>-</u>
	<u>31,520</u>	<u>50,195</u>
Deferred tax		
In respect of the current period	5,245	7,908
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>(439)</u>	<u>-</u>
	<u>4,806</u>	<u>7,908</u>
Income tax expense recognized in profit or loss	<u>\$ 36,326</u>	<u>\$ 58,103</u>

The Income Tax Act in the ROC was amended in 2018 and corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income/expense to be recognized in profit or loss. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

The applicable tax rate in the three months ended March 31, 2018 and 2017 used above are the corporate tax rates of 20% and 17%. The applicable tax rate used by subsidiaries in China is 25% except for BizLink (Kun Shan) Co., Ltd., Xiang Yao Electronics (Shen Zhen) Co., Ltd. and Bizconn International Corp. (China) in the three months ended March 31, 2018 and 2017, the three of which used a tax rate of 15%, due to their status as holders of high-tech enterprise certificates. The applicable tax rates in the three months ended March 31, 2018 and 2017 used by the subsidiaries in the US are 21% and 34%, respectively for federal tax and 8.84% for California state tax. The applicable tax rate in the three months ended March 31, 2018 and 2017 used by the subsidiaries in Ireland is 12.5% according to local law. The applicable tax rate in the three months ended March 31, 2018 and 2017 used by the subsidiaries in Slovakia is 21% according to local law. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax assessment

As of March 31, 2018, the Company has no unsettled lawsuit.

30. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Three Months Ended March 31	
	2018	2017
Basic earnings per share		
Net income	\$ 225,820	\$ 196,415
Weighted average number of common stocks in computation of basic earnings per share	<u>116,551</u>	<u>102,262</u>
Basic earnings per share	<u>\$1.94</u>	<u>\$1.92</u>
Diluted earnings per share		
Net income	\$ 225,820	\$ 196,415
Effect of potentially dilutive common stocks:		
Interest on convertible bonds (after tax)	-	7,773
Gain on valuation of converted bonds	<u>-</u>	<u>(3,356)</u>
Earnings used in the computation of diluted earnings per share from continuing operation	<u>\$ 225,820</u>	<u>\$ 200,832</u>
Weighted average number of common stocks in computation of basic earnings per share	116,551	102,262
Effect of potentially dilutive common stocks:		
Convertible bonds	-	11,797
Employees' compensation or bonus issued to employees	200	241
Employee restricted stocks	<u>728</u>	<u>417</u>
Weighted average number of common stocks in computation of diluted earnings per share	<u>117,479</u>	<u>114,717</u>
Diluted earnings per share	<u>\$1.92</u>	<u>\$1.75</u>

BizLink offered to settle compensation or bonuses paid to employees in cash or stocks. Therefore, BizLink assumed the entire amount of the compensation or bonus would be settled in stocks and the resulting potential stocks were included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential stocks is included in the computation of diluted earnings per share until the stockholders resolve the number of stocks to be distributed to employees at their meeting in the following year.

31. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted Stocks

In the stockholders' meeting on June 15, 2016, the stockholders approved a restricted stock plan for employees for a total amount of NT\$15,000 thousand, consisting of 1,500 thousand stocks. The subscription base date of December 9, 2016 was determined by the chairman of the board who was authorized by the board of directors on November 10, 2016. The restrictions on the rights of the employees who acquire the restricted stocks but have not met the vesting conditions are as follows:

- Employees who acquire the restricted stocks but have not met the vesting conditions cannot sell, pledge, transfer, donate or in any other way dispose of these stocks except through inheritance.

- b. The handling or execution of the related proposal, statements, voting rights and other equity-related matters are delegated to trust custody agencies.
- c. Employees who acquire the restricted stocks but have not met the vesting conditions have other rights the same as the holders of the issued common stocks of the Company.
- d. The stocks should be held in a stock trust. The restricted stocks should be held in a trust after being issued and non-refundable before meeting the vesting conditions.

If an employee fails to meet the vesting conditions, the Company will recall or buy back and cancel his/her restricted stocks.

Compensation costs of NT\$16,706 thousand and NT\$36,531 thousand were recognized within the vesting period for the three months ended March 31, 2018 and 2017, respectively.

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

The Company issued stocks of the subsidiary OW Holding Inc. and paid US\$2,000 thousand in order to obtain the business unit of optical fiber communication components (with a fair value on the acquisition date of US\$3,100 thousand) to expand operations.

b. Consideration transferred

Cash	\$ 57,890
Issuance of equity instruments	<u>32,964</u>
	<u>\$ 90,854</u>

The above transaction resulted in a decrease of the Company's percentage of ownership from 100% to 89.29%. The Company maintained control over the subsidiary and accounted for the transaction as an equity transaction.

	OW Holding Inc.
Consideration of acquired assets	\$ 90,854
Cash payment	(57,890)
The proportionate share of the carrying amount of net assets of the subsidiary transferred to non-controlling interests	<u>(47,785)</u>
Differences recognized from equity transactions	<u>\$ (14,821)</u>
 c. Assets acquired and liabilities assumed at the date of acquisition	
Intangible assets	
Customer relationships	\$ 41,910
Core technology	<u>48,944</u>
	<u>\$ 90,854</u>

33. CASH FLOWS INFORMATION

a. Non-cash transactions

For the three months ended March 31, 2018, the Company entered into the following non-cash investing and financing activities:

- 1) In February 2018, BizLink issued its second overseas unsecured convertible bonds, and the proceeds amounted to NT\$2,892,279 thousand, recognized as bonds payable of NT\$2,711,511 thousand, financial liabilities at fair value through profit or loss of NT\$10,991 thousand and capital surplus - stock warrants of NT\$169,777 thousand.
- 2) The Company's subsidiary OW Holding Inc. issued stocks, and the Company paid US\$2,000 thousand to obtain intangible assets. As of March 31, 2018, NT\$29,150 thousand (US\$1,000 thousand) was yet unpaid and was recognized as other payables.

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2018

	Opening Balance	Cash Flows	Liability Components	Equity Components	Interest Expense	Effect of Foreign Currency Exchange Differences	Closing Balance
Short-term borrowings	\$ 905,922	\$ (630,116)	\$ -	\$ -	\$ -	\$ (13,860)	\$ 261,946
Long-term borrowings	530,241	(148,240)	-	-	-	(5,318)	376,683
Guarantee deposits	8,789	(376)	-	-	-	(178)	8,235
Bonds payable	-	2,892,279	(10,991)	(169,777)	(6,714)	9,212	2,714,009
	<u>\$ 1,444,952</u>	<u>\$ 2,113,547</u>	<u>\$ (10,991)</u>	<u>\$ (169,777)</u>	<u>\$ (6,714)</u>	<u>\$ (10,144)</u>	<u>\$ 3,360,873</u>

34. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

Operating leases relate to leases of freehold land and buildings with lease terms between 1 year and 10 years. All operating lease contracts over 5 years contain clauses for 5-year market rental reviews. The Company does not have a bargain purchase option to acquire the leased freehold land and buildings at the expiration of the lease periods.

The future minimum lease payments payable for non-cancellable operating lease commitments were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Not later than 1 year	\$ 195,473	\$ 204,789	\$ 111,797
Later than 1 year and not later than 5 years	399,653	422,546	275,931
Later than 5 years	<u>94,554</u>	<u>89,777</u>	<u>-</u>
	<u>\$ 689,680</u>	<u>\$ 717,112</u>	<u>\$ 387,728</u>

The lease payments recognized in profit or loss for the current period were as follows:

	For the Three Months Ended March 31	
	2018	2017
Minimum lease payments	<u>\$ 48,212</u>	<u>\$ 35,503</u>

b. The Company as lessor

Operating leases relates to the leasing of investment property with lease terms between 2 and 5 years, and with an option to extend for an additional 3 years. The operating lease contracts contains market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments of non-cancellable operating leases were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Not later than 1 year	\$ 12,998	\$ 17,679	\$ 15,838
Later than 1 year and not later than 5 years	<u>35,362</u>	<u>44,173</u>	<u>54,244</u>
	<u>\$ 48,360</u>	<u>\$ 61,852</u>	<u>\$ 70,082</u>

35. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of BizLink (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to stockholders, the number of new stocks issued or repurchased, or the amount of new debt issued or existing debt redeemed.

36. FINANCIAL INSTRUMENTS

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

The management believes that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

March 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 14,390	\$ -	\$ 14,390
Domestic and foreign quoted stocks	<u>1,997</u>	<u>-</u>	<u>-</u>	<u>1,997</u>
	<u>\$ 1,997</u>	<u>\$ 14,390</u>	<u>\$ -</u>	<u>\$ 16,387</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and foreign unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,890</u>	<u>\$ 298,890</u>
<u>Financial liabilities at FVTPL</u>				
Financial liabilities				
Convertible bonds - options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,284</u>	<u>\$ 14,284</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets held for trading				
Futures contracts - copper	\$ 5,987	\$ -	\$ -	\$ 5,987
Foreign exchange forward contracts	-	12,214	-	12,214
Non-derivative financial assets held for trading				
Domestic and foreign quoted stocks	<u>2,151</u>	<u>-</u>	<u>-</u>	<u>2,151</u>
	<u>\$ 8,138</u>	<u>\$ 12,214</u>	<u>\$ -</u>	<u>\$ 20,352</u>

March 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
<u>Financial assets at FVTPL</u>				
Financial assets at FVTPL - dual				
currency investments	\$ -	\$ 208,790	\$ -	\$ 208,790
Derivative instruments	-	4,556	-	4,556
Non-derivative financial assets				
held for trading	<u>2,046</u>	<u>-</u>	<u>-</u>	<u>2,046</u>
	<u>\$ 2,046</u>	<u>\$ 213,346</u>	<u>\$ -</u>	<u>\$ 215,392</u>

Financial liabilities at FVTPL

Convertible bonds - options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,608</u>	<u>\$ 1,608</u>
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For the three months ended March 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

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

For the three months ended March 31, 2018

	Financial Assets at FVTOCI Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2018	\$ 227,319
Additional	38,832
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	27,286
Effect of foreign currency exchange differences	<u>5,453</u>
Balance at March 31, 2018	<u>\$ 298,890</u>

For the three months ended March 31, 2018

	Convertible Bonds
<u>Financial liabilities at FVTPL</u>	
Balance at January 1, 2018	\$ -
Additional - issuance of bonds	10,991
Recognized in profit or loss (other gains and losses)	
Unrealized	3,328
Effect of foreign currency exchange differences	<u>(35)</u>
Balance at March 31, 2018	<u>\$ 14,284</u>

For the three months ended March 31, 2017

	Convertible Bonds
<u>Financial liabilities at FVTPL</u>	
Balance at January 1, 2017	\$ 5,521
Recognized in profit or loss (other gains and losses)	
Unrealized	(3,356)
Reclassified	(322)
Effect of foreign currency exchange differences	<u>(235)</u>
Balance at March 31, 2017	<u>\$ 1,608</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bond options	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the stock price and volatility of the convertible bond object, conversion price, risk-free rate of interest, risk discount rate, and liquidity risk of the convertible bonds and other factors.
Domestic unlisted equity investments	Discounted cash flow: Estimate the present value of income from the investment base on the long-term growth rate, income before tax, weighted average cost of capital and liquidity discount.

c. Categories of financial instruments

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Financial assets</u>			
Financial assets at FVTPL			
Held-for-trading	\$ -	\$ 20,352	\$ 6,602
Designated as at FVTPL	-	-	208,790
Mandatorily at FVTPL	16,387	-	-
Available-for-sale	-	239,640	142,884
Loans and receivables (1)	-	6,530,997	5,460,269
Financial assets at amortized cost (2)	8,413,909	-	-
Financial assets at FVTOCI			
Equity instruments	298,890	-	-
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held-for-trading	14,284	-	1,608
Financial liabilities at amortized cost (3)	6,907,483	5,275,789	3,234,465
Derivative financial liabilities for hedging	11,082	-	-

- 1) The balances included cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, trade receivables - related parties, other receivables, other financial assets and refundable deposits (included in non-current assets) at amortized cost.
- 2) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables - related parties, other receivables, other financial assets and refundable deposits (included in non-current assets).
- 3) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, other payables, current portion of long-term borrowings and bonds payable, long-term borrowings and guarantee deposits received (included in other non-current liabilities).

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, notes and trade receivables, trade payables, bonds payable and borrowings. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the board of directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including foreign exchange forward contracts to hedge the exchange rate risk arising on exports and dual currency investments and foreign exchange options to mitigate the risk of rising interest rates.

There have been no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 40.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the subsidiaries using non-U.S. dollar as a functional currency, and their sensitivity to a 1% increase and decrease in the U.S. dollar against the relevant foreign currencies. A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit when the U.S. dollar weakens by 1% against the relevant currency. For a 1% strengthening of the U.S. dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Three Months Ended	
	March 31	
	2018	2017
Profit or loss	\$ 30,289	\$ 27,679

This sensitivity was mainly attributable to the exposure outstanding on USD receivables and payables, which were not hedged at the end of the reporting period.

The Company's sensitivity to foreign currency increased during the current period mainly due to an increase in foreign currency trade receivables.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2017	December 31, 2017	March 31, 2018
Interest rate risk on fair value			
Financial assets	\$ 1,412,125	\$ 127,458	\$ 527,572
Financial liabilities	2,975,955	763,646	1,354,466
Interest rate risk on cash flow			
Financial assets	2,700,624	1,765,994	2,910,276
Financial liabilities	376,683	672,517	391,626

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates of non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the three months ended March 31, 2018 and 2017 would have increased/decreased by NT\$5,810 thousand and NT\$6,297 thousand, respectively, which would be mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits and bank borrowings.

The Company's sensitivity to interest rates decreased during the current period mainly due to the decrease in the variable rate bank deposits.

c) Other price risk

The Company did not have significant risk exposure to equity price risk through its investments in listed equity securities, because the amount of its investments were considered immaterial.

Hedge accounting

In addition to the above-mentioned price risk, the Company uses copper as a raw material in the process and highly expects to sign copper purchase contracts with suppliers in the future according to its order demands. The contract price is based on the copper market price markup with a certain margin ratio. In order to manage the copper price risk of the contracts, the Company utilizes copper futures contracts by the same notional amount and at the same maturity date as the cash flow risk hedging tool that is part of the copper price risk contained in the contracts. Based on historical experience, changes in the cash flow component of the specified copper price risk are highly effective in covering the entire contractual cash flow changes.

For the three months ended March 31, 2018

The hedging strategy of the Company was to sign copper futures contracts to avoid the risk of copper price fluctuations and to designate cash flow hedges and adjust the book value of non-hedging items when expected transactions actually occur.

For the anticipation of the highly probable expected purchase transactions, the main conditions (e.g. quantity and period) of the copper futures contracts are negotiated with the hedged items. According to the assessment of economic relations, the Company evaluates that the copper futures contracts and the anticipated transaction will systematically reverse in response to changes in raw material copper prices. The Company periodically compares the number of open positions of copper and the expected purchase quantity change in order to assess the effectiveness of the hedge.

The exchange rate hedging information for the Company is as follows:

Hedge Instrument	Contract Weight	Maturity	Line Item in Balance Sheet	Carrying Amount Liabilities
Copper futures contracts	845 tons	2018.04-2018.12	Derivative financial liabilities for hedging	<u>\$ 11,082</u>
Hedged Item				Book Value of Other Equity Continuous Application of Hedge Accounting
Cash flow hedges				
Expected purchases (i)				<u>\$ (12,834)</u>
<u>For the three months ended March 31, 2018</u>				
Other Comprehensive Income Effect				Recognized Profit (Loss) in Other Comprehensive Income
Cash flow hedges				
Expected purchases (i) (ii)				<u>\$ (17,112)</u>

i. According to the status of orders, the Company highly expected to sign raw material purchase contracts with suppliers in the future and has signed copper futures contracts (for a period of 3 to 12 months) in order to circumvent the risk of price fluctuations that may occur due to future purchases. The amount of originally deferred to equity at the time of the contract signing will be included in the raw materials' carrying amount.

ii. For information on other hedging equity adjustments, refer to Note 26.

2) Credit risk

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

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

Except for the major three costumers of the BizLink, the Company did not have significant credit risk for any single counterparty or any group of counterparties with similar characteristics.

The Company's concentration of credit risk of 37%, 39% and 31% of total trade receivables as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively, was related to the Company's three major customers.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of March 31, 2018, December 31, 2017 and March 31, 2017. The Company had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables show details of the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables were drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates of other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest cash flows are at a floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2018

(Amount in Thousands of New Taiwan Dollars)

	Less Than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 3,481,935	\$ 64,675	\$ 8,235	\$ -
Borrowings at floating interest	3,618	16,334	287,715	96,490
Borrowings at fixed interest	<u>269,853</u>	<u>-</u>	<u>2,988,458</u>	<u>-</u>
	<u>\$ 3,755,406</u>	<u>\$ 81,009</u>	<u>\$ 3,284,408</u>	<u>\$ 96,490</u>

December 31, 2017

	Less Than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 3,811,158	\$ 19,679	\$ 8,789	\$ -
Borrowings at floating interest	294,917	10,990	291,248	105,184
Borrowings at fixed interest	<u>645,775</u>	<u>90,710</u>	<u>29,919</u>	<u>-</u>
	<u>\$ 4,751,850</u>	<u>\$ 121,379</u>	<u>\$ 329,956</u>	<u>\$ 105,184</u>

March 31, 2017

	Less Than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 1,332,229	\$ 151,300	\$ 4,844	\$ -
Borrowings at floating interest	10,249	30,535	275,340	104,168
Borrowings at fixed interest	<u>64,656</u>	<u>1,414,460</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,407,134</u>	<u>\$ 1,596,295</u>	<u>\$ 280,184</u>	<u>\$ 104,168</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

March 31, 2018

(Amount in Thousands of New Taiwan Dollars)

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflow	\$ 1,151,240	\$ -	\$ -	\$ -	\$ -
Outflow	<u>(1,136,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2017

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>	<u>\$ 2,704</u>	<u>\$ 3,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Gross settled</u>					
Foreign exchange forward contracts					
Inflow	\$ 304,203	\$ 481,771	\$ -	\$ -	\$ -
Outflow	<u>(297,600)</u>	<u>(476,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,603</u>	<u>\$ 5,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2017

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Dual currency investments	\$ 208,790	\$ -	\$ -	\$ -	\$ -
Foreign exchange option	<u>4,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 213,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	March 31, 2018	December 31, 2017	March 31, 2017
Secured bank loan facilities:			
Amount used	\$ 441,183	\$ 445,941	\$ 456,126
Amount unused	<u>26,424</u>	<u>25,240</u>	<u>20,420</u>
	<u>\$ 467,607</u>	<u>\$ 471,181</u>	<u>\$ 476,546</u>
Unsecured bank loan facilities:			
Amount used	\$ 197,446	\$ 990,222	\$ -
Amount unused	<u>2,439,870</u>	<u>3,111,205</u>	<u>1,344,685</u>
	<u>\$ 2,637,316</u>	<u>\$ 4,101,427</u>	<u>\$ 1,344,685</u>

37. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and categories

Related Party Name	Related Party Categories
Arise Solution Inc.	Associates
Kunshan Xianglian Construction Development Limited	Substantive related parties

b. Sales of goods

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2018	2017
Sales	Associates	\$ -	\$ 17,923

The selling price for related parties is set according to an agreement between both parties. The credit period for related parties was 30 days after the end of the month. The credit period for third parties was 0 to 120 days after the end of the month.

c. Trade receivables from related parties

Line Items	Related Party Categories	March 31, 2018	December 31, 2017	March 31, 2017
Trade receivables from related parties	Associates	\$ -	\$ -	\$ 16,879

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

d. Other transactions with related parties

Line Items	Related Party Categories/Name	March 31, 2018	December 31, 2017	March 31, 2017
Refundable deposits (included in other - current assets)	Substantive related party - Kunshan Xianglian Construction Development Limited	<u>\$ 15,156</u>	<u>\$ 15,139</u>	<u>\$ 13,625</u>
For the Three Months Ended March 31				
Line Items	Related Party Categories/Name	2018	2017	
Rental expenses (recorded as cost of goods sold - manufacturing expenses)	Substantive related party - Kunshan Xianglian Construction Development Limited	<u>\$ 9,819</u>	<u>\$ 9,595</u>	
Rental expenses (recorded as operating expenses)	Substantive related party - Kunshan Xianglian Construction Development Limited	<u>\$ 6,676</u>	<u>\$ 5,744</u>	

The rental expenses were based on active market prices and were paid quarterly.

e. Compensation of key management personnel

For the Three Months Ended March 31		
Line Items	2018	2017
Short-term employee benefits	\$ 21,201	\$ 18,530
Share-based payments	<u>4,900</u>	<u>10,716</u>
	<u>\$ 26,101</u>	<u>\$ 29,246</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2018	December 31, 2017	March 31, 2017
Pledged deposits (classified as other financial assets - current)	\$ 1,507	\$ 1,465	\$ 1,370
Pledged deposits (classified as other financial assets - non-current)	-	62,170	60,046
Bank deposits (classified as other financial assets - current)	25,957	18,510	-
Bank deposits (classified as other financial assets - non-current)	145,750	148,800	1,706
			(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
Freehold land (classified as property, plant and equipment)	\$ 293,898	\$ 295,441	\$ 296,788
Buildings (classified as property, plant and equipment)	234,973	238,983	245,943
Freehold land (classified as investment properties)	51,120	51,120	51,120
Buildings (classified as investment properties)	<u>29,771</u>	<u>29,954</u>	<u>31,990</u>
	<u>\$ 782,976</u>	<u>\$ 846,443</u>	<u>\$ 688,963</u> (Concluded)

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of March 31, 2018, December 31, 2017 and March 31, 2017 were as follows:

Significant Commitments

Unrecognized commitments are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Acquisition of property, plant and equipment	<u>\$ 45,751</u>	<u>\$ 57,161</u>	<u>\$ 10,175</u>

40. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(N.T. Dollars and Foreign Currencies in Thousands)

	March 31, 2018		
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 157,459	6.3052 (USD:RMB)	\$ 4,589,930
USD	3,906	7.8493 (USD:HKD)	113,860
USD	23,153	0.8120 (USD:EUR)	674,910
USD	9,021	3.8680 (USD:MYR)	262,962
<u>Financial liabilities</u>			
Monetary items			
USD	15,901	6.3052 (USD:RMB)	463,514
USD	945	7.8493 (USD:HKD)	27,547
USD	32,660	0.8120 (USD:EUR)	952,039

December 31, 2017			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 163,307	6.5359 (USD:RMB)	\$ 4,860,009
USD	3,887	7.8169 (USD:HKD)	115,677
USD	20,695	0.8367 (USD:EUR)	615,882
USD	8,515	4.0620 (USD:MYR)	253,406
<u>Financial liabilities</u>			
Monetary items			
USD	66,770	6.5359 (USD:RMB)	1,987,072
USD	1,362	7.8169 (USD:HKD)	40,533
USD	31,491	0.8637 (USD:EUR)	937,171
March 31, 2017			
	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 107,482	6.8889 (USD:RMB)	\$ 3,257,242
USD	7,085	7.7693 (USD:HKD)	214,711
USD	10,407	0.9313 (USD:EUR)	315,384
USD	3,321	4.4225 (USD:MYR)	100,643
<u>Financial liabilities</u>			
Monetary items			
USD	29,145	6.8889 (USD:RMB)	883,239
USD	1,167	7.7693 (USD:HKD)	35,366
USD	7,896	0.9313 (USD:EUR)	239,288

For the three months ended March 31, 2018 and 2017, realized and unrealized net foreign exchange gains (losses) are described in Note 28. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Company entities.

41. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company's reportable segments are its computer-related segment, fiber optics segment, home appliance segment and others segment. The related information is as follows:

a. Information of reportable segments' gains and losses

	For the Three Months Ended March 31, 2018				
	Computer-Related	Fiber Optics	Home Appliance	Others	Total
Revenue from external customers	\$ 3,509,597	\$ 112,658	\$ 1,100,109	\$ 8,602	\$ 4,730,966
Intersegment revenue	<u>5,874,276</u>	<u>166,819</u>	<u>458,748</u>	<u>50,701</u>	<u>6,550,544</u>
Segment revenue	<u>9,383,873</u>	<u>279,477</u>	<u>1,558,857</u>	<u>59,303</u>	<u>11,281,510</u>
Eliminations					<u>(6,550,544)</u>
Consolidated revenue					<u>4,730,966</u>
Segment income	<u>\$ 321,126</u>	<u>\$ 25,538</u>	<u>\$ 5,207</u>	<u>\$ 8,851</u>	<u>\$ 360,722</u>
Reportable segment other income					\$ 16,983
Reportable segment other gains and losses					(75,428)
Reportable segment compensation of management personnel					(26,101)
Reportable segment finance costs					(11,297)
Share of loss of associates accounted for using the equity method					<u>(999)</u>
Reportable segment income before income tax					<u>\$ 263,880</u>

	For the Three Months Ended March 31, 2017				
	Computer-Related	Fiber Optics	Home Appliance	Others	Total
Revenue from external customers	\$ 2,242,879	\$ 87,976	\$ -	\$ 8,320	\$ 2,339,175
Intersegment revenue	<u>3,146,439</u>	<u>115,504</u>	<u>-</u>	<u>45,042</u>	<u>3,306,985</u>
Segment revenue	<u>5,389,318</u>	<u>203,480</u>	<u>-</u>	<u>53,362</u>	<u>5,646,160</u>
Eliminations					<u>(3,306,985)</u>
Consolidated revenue					<u>2,339,175</u>
Segment income	<u>\$ 276,884</u>	<u>\$ 15,061</u>	<u>\$ -</u>	<u>\$ 3,618</u>	<u>\$ 295,563</u>
Reportable segment other income					\$ 20,382
Reportable segment other gains and losses					(22,261)
Reportable segment compensation of management personnel					(29,246)
Reportable segment finance costs					(9,877)
Share of loss of associates accounted for using the equity method					<u>(43)</u>
Reportable segment income before income tax					<u>\$ 254,518</u>

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, other gain and loss, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total asset and liabilities

As the measured amount of the consolidated company's assets and liabilities has not been provided to the operating decision makers, the items will not be disclosed.