BizLink Holding Inc. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2018 and 2017 and Independent Auditors' Review Report

Deloitte.

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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 June 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months ended June 30, 2018 and 2017, and for the six months ended June 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, 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 of June 30, 2018 and 2017, its consolidated financial performance for the three months ended June 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 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

August 10, 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)

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited after Measurement Period Adjustment)		June 30, 2017 (Reviewed after Measurement Period Adjustment)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 3 and 6)	$ 4,049,709	24	$ 1,684,418	12	$ 2,379,232	19
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 3, 4 and 7)	2,374	-	20,352	-	3,896	-
Debt investments with no active market - current (Notes 3, 4 and 10)	-	-	36,236	-	171,830	1
Notes receivable from unrelated parties (Notes 3, 4 and 11)	157,634	1	178,592	1	85,935	1
Trade receivables from unrelated parties (Notes 3, 4 and 11)	4,590,833	27	4,339,752	32	3,401,353	28
Other receivables (Notes 3, 4 and 11)	114,818	1	142,882	1	96,507	1
Current tax assets	60,100	-	8,082	-	48,569	-
Inventories (Note 12)	3,641,582	22	3,240,166	24	2,200,995	18
Prepayments (Notes 19 and 20)	181,587	1	217,310	2	189,507	2
Other financial assets - current (Notes 3, 4, 20 and 39)	41,477	-	19,975	-	37,066	-
Other current assets (Note 20)	2,458	-	2,126	-	1,615	-
Total current assets	12,842,572	76	9,889,891	72	8,616,505	70
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4 and 8)	311,461	2	-	-	-	-
Financial assets measured at cost - non-current (Notes 3, 4 and 9)	-	-	239,640	2	243,786	2
Investments accounted for using the equity method (Note 14)	17,490	-	18,792	-	-	-
Property, plant and equipment (Notes 15 and 39)	2,162,731	13	2,087,042	15	1,990,892	16
Investment properties (Notes 16 and 39)	206,709	1	205,337	1	209,396	2
Goodwill (Notes 17 and 32)	393,521	2	395,860	3	357,637	3
Other intangible assets (Notes 18 and 32)	498,976	3	426,666	3	447,873	4
Deferred tax assets	125,330	1	118,571	1	128,220	1
Other financial assets - non-current (Notes 3, 4, 20 and 39)	216,276	1	210,970	2	61,016	1
Long-term prepayments for leases (Note 19)	38,668	-	38,605	-	38,504	-
Other non-current assets (Notes 20 and 38)	126,360	1	143,632	1	147,473	1
Total non-current assets	4,097,522	24	3,885,115	28	3,624,797	30
TOTAL	$ 16,940,094	100	$ 13,775,006	100	$ 12,241,302	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 21 and 39)	$ 282,158	2	$ 905,922	6	$ 555,746	5
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	83,582	1	-	-	-	-
Derivative financial liabilities for hedging - current (Notes 4, 26 and 37)	1,248	-	-	-	-	-
Contract liabilities - current (Notes 3, 4 and 24)	17,896	-	-	-	-	-
Notes payable (Note 23)	144,980	1	186,066	1	332,347	3
Trade payables (Note 23)	2,793,601	16	3,248,355	24	2,121,500	17
Other payables (Note 24)	1,846,837	11	1,072,957	8	1,730,541	14
Current tax liabilities	165,353	1	133,133	1	171,217	1
Current portion of long-term borrowings and bonds payable (Notes 4, 21, 22 and 39)	20,996	-	125,944	1	255,431	2
Other current liabilities (Notes 3 and 24)	2,151	-	23,161	-	16,037	-
Total current liabilities	5,358,802	32	5,695,538	41	5,182,819	42
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4 and 22)	2,857,223	17	-	-	-	-
Long-term borrowings (Notes 21 and 39)	360,948	2	404,297	3	380,949	3
Deferred tax liabilities	44,623	-	48,998	1	65,071	1
Net defined benefit liabilities - non-current (Note 4)	4,449	-	4,394	-	3,914	-
Other non-current liabilities (Note 24)	25,817	-	27,688	-	8,248	-
Total non-current liabilities	3,293,060	19	485,377	4	458,182	4
Total liabilities	8,651,862	51	6,180,915	45	5,641,001	46
EQUITY ATTRIBUTABLE TO OWNERS OF BIZLINK (Note 26)						
Capital stock						
Common stock	1,185,664	7	1,155,664	8	1,137,881	9
Capital surplus	4,893,148	29	4,130,734	30	3,858,552	32
Retained earnings						
Legal reserve	487,839	3	371,593	3	371,593	3
Special reserve	604,558	4	304,631	2	304,631	2
Unappropriated earnings	1,614,688	9	2,340,969	17	1,657,119	14
Total retained earnings	2,707,085	16	3,017,193	22	2,333,343	19
Other equity	(548,672)	(3)	(709,500)	(5)	(729,475)	(6)
Total equity attributable to owners of the BizLink	8,237,225	49	7,594,091	55	6,600,301	54
NON-CONTROLLING INTERESTS (Notes 26, 32 and 33)	51,007	-	-	-	-	-
Total equity	8,288,232	49	7,594,091	55	6,600,301	54
TOTAL	$ 16,940,094	100	$ 13,775,006	100	$ 12,241,302	100

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 June 30				For the Six Months Ended June 30			
	2018		2017 (After Measurement Period Adjustment)		2018		2017 (After Measurement Period Adjustment)	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 38)								
Sales	$ 5,255,211	100	$ 3,659,873	100	$ 9,986,177	100	$ 5,999,048	100
OPERATING COSTS								
Cost of goods sold (Notes 12, 28 and 38)	4,176,444	80	2,707,204	74	7,974,806	80	4,318,206	72
GROSS PROFIT	1,078,767	20	952,669	26	2,011,371	20	1,680,842	28
OPERATING EXPENSES (Notes 28 and 38)								
Selling and marketing expenses	248,514	5	175,328	5	413,358	4	283,815	5
General and administrative expenses	375,640	7	293,521	8	707,480	7	578,272	9
Research and development expenses	107,935	2	91,935	2	211,360	2	160,553	3
Expected credit loss reversed (Notes 3 and 11)	-	-	-	-	(2,126)	-	-	-
Total operating expenses	732,089	14	560,784	15	1,330,072	13	1,022,640	17
PROFIT FROM OPERATIONS	346,678	6	391,885	11	681,299	7	658,202	11
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 28)	30,393	1	15,251	-	47,376	-	35,633	-
Other gains and losses (Note 28)	30,241	-	(26,382)	(1)	(45,187)	-	(48,643)	(1)
Finance costs (Notes 21 and 28)	(13,199)	-	(10,534)	-	(24,496)	-	(20,411)	-
Share of loss of associates	(733)	-	-	-	(1,732)	-	(43)	-
Total non-operating income and expenses	46,702	1	(21,665)	(1)	(24,039)	-	(33,464)	(1)
PROFIT BEFORE INCOME TAX FROM OPERATIONS	393,380	7	370,220	10	657,260	7	624,738	10
INCOME TAX EXPENSE (Notes 4 and 29)	(114,123)	(2)	(70,422)	(2)	(150,449)	(2)	(128,525)	(2)
NET PROFIT FOR THE PERIOD	279,257	5	299,798	8	506,811	5	496,213	8
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)	(986)	-	-	-	26,300	-	-	-
Gain/(loss) on hedging instruments subject to basis adjustments (Notes 4 and 26)	9,941	-	-	-	(7,171)	-	-	-

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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 June 30				For the Six Months Ended June 30			
	2018		2017 (After Measurement Period Adjustment)		2018		2017 (After Measurement Period Adjustment)	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange differences on translation to presentation currency (Note 26)	$ 417,997	8	$ (62,740)	(2)	$ 208,034	2	$ (446,855)	(7)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	(2,485)	-	-	-	1,793	-	-	-
	424,467	8	(62,740)	(2)	228,956	2	(446,855)	(7)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 26)	(349,368)	(6)	129,272	4	(64,127)	-	180,839	3
Other comprehensive income (loss) for the period, net of income tax	75,099	2	66,532	2	164,829	2	(266,016)	(4)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 354,356	7	$ 366,330	10	$ 671,640	7	$ 230,197	4
NET PROFIT ATTRIBUTABLE TO:								
Owners of BizLink	$ 278,468	5	$ 299,798	8	$ 504,288	5	$ 496,213	8
Non-controlling interests	789	-	-	-	2,523	-	-	-
	$ 279,257	5	$ 299,798	8	$ 506,811	5	$ 496,213	8
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of BizLink	$ 352,525	7	$ 366,330	10	$ 667,916	7	$ 230,197	4
Non-controlling interests	1,831	-	-	-	3,724	-	-	-
	$ 354,356	7	$ 366,330	10	$ 671,640	7	$ 230,197	4
EARNINGS PER SHARE (Note 30)								
Basic	$ 2.37		$ 2.84		$ 4.30		$ 4.77	
Diluted	$ 2.35		$ 2.64		$ 4.26		$ 4.39	

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											
			Retained Earnings			Other Equity						
	Capital Stock Common Stock	Capital Surplus	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	Total	Non-controlling Interests	Total Equity
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
Appropriation of the 2016 earnings (Note 26)												
Legal reserve	-	-	90,995	-	(90,995)	-	-	-	-	-	-	-
Special reserve	-	-	-	5,993	(5,993)	-	-	-	-	-	-	-
Cash dividends distributed by BizLink	-	-	-	-	(720,715)	-	-	-	-	(720,715)	-	(720,715)
Convertible bonds converted to common stocks (Notes 22 and 26)	108,288	1,580,759	-	-	-	-	-	-	-	1,689,047	-	1,689,047
Stock-based payment arrangements (Notes 26 and 31)	-	-	-	-	-	-	70,219	-	-	70,219	-	70,219
Net profit for the six months ended June 30, 2017 (measurement period adjustment)	-	-	-	-	496,213	-	-	-	-	496,213	-	496,213
Other comprehensive loss for the six months ended June 30, 2017 (measurement period adjustment) (Note 26)	-	-	-	-	-	(266,016)	-	-	-	(266,016)	-	(266,016)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	496,213	(266,016)	-	-	-	230,197	-	230,197
BALANCE AT JUNE 30, 2017 (MEASUREMENT PERIOD ADJUSTMENT)	$ 1,137,881	$ 3,858,552	$ 371,593	$ 304,631	$ 1,657,119	$ (570,647)	$ (158,828)	$ -	$ -	$ 6,600,301	$ -	$ 6,600,301
BALANCE AT JANUARY 1, 2018 (MEASUREMENT PERIOD ADJUSTMENT)	$ 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
Appropriation of the 2017 earnings (Note 26)												
Legal reserve	-	-	116,246	-	(116,246)	-	-	-	-	-	-	-
Special reserve	-	-	-	299,927	(299,927)	-	-	-	-	-	-	-
Cash dividends distributed by BizLink	-	-	-	-	(809,210)	-	-	-	-	(809,210)	-	(809,210)
Change in percentage of ownership interests in subsidiaries (Notes 26 and 33)	-	502	-	-	-	-	-	-	-	502	(502)	-
Equity component of convertible bonds (Notes 22, 26 and 34)	-	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)	-	(7,865)	-	-	343	-	41,533	-	-	34,011	-	34,011
Net profit for the six months ended June 30, 2018	-	-	-	-	504,288	-	-	-	-	504,288	2,523	506,811
Other comprehensive income (loss) for the six months ended June 30, 2018, net of income tax (Note 26)	-	-	-	-	-	142,706	-	(5,378)	26,300	163,628	1,201	164,829
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	504,288	142,706	-	(5,378)	26,300	667,916	3,724	671,640
BALANCE AT JUNE 30, 2018	$ 1,185,664	$ 4,893,148	$ 487,839	$ 604,558	$ 1,614,688	$ (474,374)	$ (50,887)	$ (5,378)	$ (18,033)	$ 8,237,225	$ 51,007	$ 8,288,232

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 Six Months Ended June 30 2018	For the Six Months Ended June 30 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 657,260	$ 624,738
Adjustments for:		
Impairment loss recognized on trade receivables	-	1,343
Depreciation expenses	155,842	114,512
Amortization expenses	49,285	22,135
Expected credit loss on trade receivables reversed	(2,126)	-
Amortization of prepayments for leases	659	634
Net (loss) gain on fair value change of financial assets and liabilities at FVTPL	43,506	(2,404)
Finance costs	24,496	20,411
Interest income	(17,005)	(12,863)
Compensation cost of employee stock options	34,011	70,219
Share of loss of associates	1,732	43
Loss on disposal of property, plant and equipment	6,312	3,526
Loss on disposal of intangible assets	153	-
Loss on disposal of associates accounted for using equity method	-	1,517
Write-downs of inventories	35,807	31,691
Net (gain) loss on foreign currency exchange	(82,991)	88,360
Changes in operating assets and liabilities		
Increase in financial assets held for trading	-	(6,324)
Increase/(decrease) in notes receivable	24,690	(75,905)
Increase in trade receivables	(90,875)	(366,242)
Decrease in financial liabilities mandatorily at FVTPL	56,373	-
Decrease in trade receivables from related parties	-	699
Decrease in other receivables	31,860	37,729
Increase in inventories	(329,044)	(71,077)
Decrease in prepayments	40,308	47,185
Increase in other current assets	(270)	(1,608)
Decrease in financial liabilities held for trading	(11,796)	-
Decrease in contract liabilities	(3,349)	-
(decrease)/Increase in notes payable	(44,002)	82,216
(decrease)/Increase in trade payables	(528,108)	48,760
Decrease in other payables	(93,717)	(269,627)
Decrease in deferred revenue	(2,596)	-
Increase in net defined benefit liabilities	55	41
Decrease in other current liabilities	(435)	(8,439)
Increase other operating liabilities	809	8,519
Cash (used in) generated from operations	(43,156)	389,789
Interest received	17,005	12,863

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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 Six Months Ended June 30	
	2018	**2017**
Interest paid	$ (7,525)	$ (7,265)
Income tax paid	(181,174)	(100,036)
Net cash (used in) generated from operating activities	(214,850)	295,351
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	-	(213,894)
Purchase of financial assets at FVTOCI	(35,608)	-
Proceeds from financial assets at FVTPL	-	208,471
Purchases of debt investments with no active market	-	973,760
Proceeds from long-term investment for using equity method	-	1,457
Net cash outflow on acquisition of subsidiaries (Notes 32 and 34)	(7,440)	(1,120,288)
Purchases of financial assets measured at cost	-	(100,228)
Payments for property, plant and equipment	(207,898)	(94,829)
Proceeds from disposal of property, plant and equipment	30,069	3,965
Payments for intangible assets	(20,756)	(6,681)
Increase in refundable deposits	(8,565)	-
Decrease in refundable deposits	1,564	1,275
Decrease in other financial assets	62,918	-
Increase in other financial assets	(44,981)	(23,569)
Increase in prepayments for equipment	(36,833)	(74,156)
Net cash used in investing activities	(267,530)	(444,717)
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)	-
Proceeds from issuance of common stock for cash	630,000	-
Proceeds from shot-term borrowings	-	204,124
Repayments of short-term borrowings	(607,557)	-
Repayments of long-term borrowings	(149,966)	(8,464)
Proceeds from guarantee deposits received	(785)	-
Refunds of guarantee deposits received	-	3,437
Net cash generated from financing activities	2,763,971	199,097
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	83,700	(88,038)

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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 Six Months Ended June 30	
	2018	**2017**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 2,365,291	$ (38,307)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,684,418	2,417,539
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 4,049,709	$ 2,379,232

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

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 August 10, 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.

      <u>Classification, measurement and impairment of financial assets</u>

      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.

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
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)
	Held-for-trading	Mandatorily at FVTPL	2,151	2,151	-
Notes receivable, trade receivables and other receivables	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**	**Reclassific-ations**	**Remea-surements**	**IFRS 9 Carrying Amount as of January 1, 2018**	**Retained Earnings Effect on January 1, 2018**	**Other Equity Effect on January 1, 2018**	**Remark**
FVTOCI							
Equity instruments	$ -						
Add: Reclassification from available-for-sale (IAS 39)	-	$ 239,640	$ (12,321)				-
	-	239,640	(12,321)	$ 227,319	$ 32,012	$ (44,333)	b)
Amortized cost							
Add: Reclassification from loans and receivables (IAS 39)	-	6,530,997	(22,720)				-
	-	6,530,997	(22,720)	6,508,277	(22,720)	-	a)
	$ -	$ 6,770,637	$ (35,041)	$ 6,735,596	$ 9,292	$ (44,333)	

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	-	20,928	20,928
Total effect on liabilities	$ 20,928	$ -	$ 20,928

	June 30, 2018
Decrease in contract liabilities - current	$ (17,896)
Increase in other liabilities - current	17,896
Change in liabilities	$ -

b. Amendments to the IFRSs endorsed by the FSC for application starting from 2019

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

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

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

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

1) IFRS 16 "Leases"

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

Definition of a lease

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

The Company as lessee

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

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

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities. Except for the following practical expedients which are to be applied, the Company will apply IAS 36 to all right-of-use assets.

The Company expects to apply the following practical expedients:

a) The Company will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Company will adjust the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized as of December 31, 2018.

c) The Company will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

d) The Company will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

e) The Company will use hindsight, such as in determining lease terms, to measure lease liabilities.

The Company as lessor

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

2) 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.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company continues assessing other possible impact that the application of other standards and interpretations will have the Company’s financial position and financial performance and will disclose these other impacts when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note)
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

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

- 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 Company’s interest as an unrelated investor 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e. the Company’s share of the gain or loss is eliminated.

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 have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

<u>Principles for preparing consolidated financial statements</u>

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 Company'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

<u>2018</u>

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 Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

<u>2017</u>

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.

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 37.

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

<u>2018</u>

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.

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 the 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 2017, 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 Company 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 Company 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 37.

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 2017, 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

<u>2018</u>

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.

<u>2017</u>

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 2017, 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

	June 30, 2018	December 31, 2017	June 30, 2017
Cash on hand	$ 980	$ 1,107	$ 757
Checking accounts and demand deposits	2,390,760	1,655,724	2,264,579
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	1,657,969	27,587	113,896
	$ 4,049,709	$ 1,684,418	$ 2,379,232

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2018	December 31, 2017	June 30, 2017
Financial assets at FVTPL - current			
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	$ -	$ 12,214	$ -
Futures contracts - copper	-	5,987	2,036
Non-derivative financial assets			
Domestic and foreign quoted stocks	-	2,151	1,860
	-	20,352	3,896
Financial assets mandatorily at FVTPL			
Non-derivative financial assets			
Domestic and foreign quoted stocks	2,374	-	-
	$ 2,374	$ 20,352	$ 3,896
Financial liabilities at FVTPL - current			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Futures contracts - copper	$ 52	$ -	$ -
Convertible bond options (Note 22)	22,626	-	-
Foreign exchange forward contracts	60,904	-	-
	$ 83,582	$ -	$ -

a. 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)
June 30, 2018			
Sell	USD/RMB	2018.07-2018.10	US$57,000/RMB365,195
December 31, 2017			
Sell	USD/RMB	2018.01-2018.04	US$26,000/RMB172,589

b. 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)
June 30, 2018	2018.07-2018.11	50 tons	$ 11,967 (RMB 2,594)
December 31, 2017	2018.01-2018.04	550 tons	$ 133,548 (RMB 29,255)
June 30, 2017	2017.10	340 tons	$ 70,165 (RMB 15,675)

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

Investment in Equity Instruments at FVTOCI

	June 30, 2018
Non-current	
Domestic and foreign equity instruments	
Unlisted stocks	$ 311,461

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	June 30, 2017
Non-current		
Unlisted common stocks	$ 239,640	$ 243,786
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 239,640	$ 243,786

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	June 30, 2017
Current		
Time deposits with maturities of longer than 3 months	$ 36,236	$ 171,830

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2018	December 31, 2017	June 30, 2017
Notes receivable and trade receivables			
Notes receivable - operating	$ 157,634	$ 178,592	$ 85,935
Trade receivables			
At amortized cost			
Gross carrying amount	$ 4,643,404	$ 4,370,526	$ 3,420,896
Less: Allowance for impairment loss	(52,571)	(30,774)	(19,543)
	$ 4,590,833	$ 4,339,752	$ 3,401,353
Other receivables			
Tax refund receivables	$ 100,746	$ 132,395	$ 74,362
Others	14,072	10,487	22,145
	$ 114,818	$ 142,882	$ 96,507

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 six months ended June 30, 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 six months ended June 30, 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	0.05%	0.85%	8.17%	17.84%	34.66%	100%	-
Gross carrying amount	$4,161,696	$ 331,458	$ 44,345	$ 20,503	$ 68,766	$ 16,636	$4,643,404
Loss allowance (lifetime ECLs)	(2,009)	(2,812)	(3,625)	(3,658)	(23,831)	(16,636)	(52,571)
Amortized cost	$4,159,687	$ 328,646	$ 40,720	$ 16,845	$ 44,935	$ -	$4,590,833

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	22,720
Balance at January 1, 2018 per IFRS 9	53,494
Less: Impairment losses reversed	(2,126)
Foreign exchange translation gains and losses	1,203
Balance at June 30, 2018	$ 52,571

For the six months ended June 30, 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	June 30, 2017
Not overdue	$ 3,830,917	$ 2,934,474
Past due 1-60 days	381,125	337,418
Past due 61-90 days	55,768	51,997
Past due over 90 days	102,716	97,007
	$ 4,370,526	$ 3,420,896

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	June 30, 2017
Less than and including 60 days	$ 381,125	$ 337,418
61-90 days	55,768	51,997
More than 90 days	71,942	77,464
	$ 508,835	$ 466,879

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
Add: Impairment losses recognized on receivables	1,343	-	1,343
Less: Amounts written off during the period as uncollectible	(198)	-	(198)
Acquisitions through business combination	3,918	-	3,918
Foreign exchange translation gains and losses	(679)	-	(679)
Balance at June 30, 2017	$ 19,543	$ -	$ 19,543

As of December 31, 2017 and June 30, 2017, the amounts of individually impaired trade receivables were $30,774 thousand and $19,543 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

	June 30, 2018	December 31, 2017	June 30, 2017
Raw materials	$ 1,187,210	$ 1,125,421	$ 777,390
Work in progress	250,763	202,294	220,171
Finished goods and merchandise	2,203,609	1,912,451	1,203,434
	$ 3,641,582	$ 3,240,166	$ 2,200,995

The cost of goods sold for the three months ended June 30, 2018 and 2017 included inventory write-downs of $2,419 thousand and $14,420 thousand, respectively. The cost of goods sold for the six months ended June 30, 2018 and 2017 included inventory write-downs of $35,807 thousand and $31,691 thousand, respectively.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	% of Ownership June 30, 2018	% of Ownership December 31, 2017	% of Ownership June 30, 2017	Remark
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	
	OW Holding Inc.	Various investment activities.	90.58	100.00	-	Incorporated in July 2017. See Notes a and b
	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	
	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	c

(Continued)

Investor	Investee	Nature of Activities	% of Ownership June 30, 2018	December 31, 2017	June 30, 2017	Remark
	EA Cable Assemblies (Hong Kong) Co., Limited	Various investment activities.	100.00	100.00	-	d
	EA Cable Assemblies GmbH	(1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade.	100.00	100.00	-	d
	BizLink Technology (Belgium) NV	(1) Wholesale and retail of cable assemblies, power cords and connectors, and (2) international trade.	100.00	100.00	-	d
	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	-	d
BizLink Technology Inc.	Bobi, LLC	Various leasing activities.	100.00	100.00	100.00	
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
OptiWorks, Inc.	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	
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.	Various investment activities.	100.00	100.00	100.00	
Asia Wick Ltd.	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	100.00	d
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	100.00	d

(Continued)

Investor	Investee	Nature of Activities	% of Ownership June 30, 2018	December 31, 2017	June 30, 2017	Remark
	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	100.00	d

(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: OW Holding Inc. issued stocks in February 2018 to obtain intangible assets, which reduced BizLink's percentage of ownership to 89.29%. In addition, the non-controlling interest of the Company did not participate in the issuance of common stock for cash in June 2018 according to the original shareholding ratio. The shareholding ratio increased from 89.29% to 90.58%.

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

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

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates

	June 30, 2018	December 31, 2017	June 30, 2017
Associates that are not individually material	$ 17,490	$ 18,792	$ -

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

Name of Associates	June 30, 2018	December 31, 2017	June 30, 2017
Siriustek Inc.	40%	40%	-
Arise Solution Inc.	-	-	-

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.

In 2016, the Company held a 48% interest in Arise Solution Inc. and accounted for the investment as an associate. In April 2017, the Company sold 100% of its interest to a third party for proceeds of NT$1,457 thousand (received in May 2017) and thus ceased to have significant influence. This transaction resulted in the recognition of a loss in profit or loss, calculated as follows:

Proceeds of disposal	$ 1,457
Less: Carrying amount of investment on the date of disposal	(2,974)
Loss recognized	$ (1,517)

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
Cost						
Balance at January 1, 2017	$ 409,440	$ 757,820	$ 1,096,549	$ 19,598	$ 230,725	$ 2,514,132
Additions	-	7,543	72,039	-	15,247	94,829
Disposals	-	-	(19,787)	(342)	(6,283)	(26,412)
Acquisitions through business combination (after measurement period adjustment)	-	-	869,099	-	233,348	1,102,447
Reclassifications (a)	-	5,052	21,155	613	6,152	32,972
Effect of foreign currency exchange differences (after measurement period adjustment)	(7,956)	(28,863)	(7,719)	(730)	(5,134)	(50,402)
Transfer to investment properties	(51,120)	(50,707)	-	-	-	(101,827)
Balance at June 30, 2017 (after measurement period adjustment)	$ 350,364	$ 690,845	$ 2,031,336	$ 19,139	$ 474,055	$ 3,565,739
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ -	$ 205,704	$ 612,634	$ 10,967	$ 130,428	$ 959,733
Disposals	-	-	(13,331)	(267)	(5,323)	(18,921)
Depreciation expense (after measurement period adjustment)	-	14,779	74,854	995	22,005	112,633
Acquisitions through business combination (after measurement period adjustment)	-	-	427,989	-	118,617	546,606
Effect of foreign currency exchange differences (after measurement period adjustment)	-	(7,935)	(2,280)	(399)	(701)	(11,315)
Transfer to investment properties	-	(13,889)	-	-	-	(13,889)
Balance at June 30, 2017 (after measurement period adjustment)	$ -	$ 198,659	$ 1,099,866	$ 11,296	$ 265,026	$ 1,574,847
Carrying amounts at June 30, 2017 (after measurement period adjustment)	$ 350,364	$ 492,186	$ 931,470	$ 7,843	$ 209,029	$ 1,990,892
Cost						
Balance at January 1, 2018 (after measurement period adjustment)	$ 347,784	$ 785,428	$ 2,081,624	$ 20,322	$ 556,023	$ 3,791,181
Additions	-	11,370	146,101	-	50,427	207,898
Disposals	-	-	(70,230)	-	(8,834)	(79,064)
Reclassifications (b)	-	22	27,680	-	1,914	29,616
Effect of foreign currency exchange differences	3,448	14,807	32,119	419	6,682	57,475
Balance at June 30, 2018	$ 351,232	$ 811,627	$ 2,217,294	$ 20,741	$ 606,212	$ 4,007,106

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Other Equipment	Total
Accumulated depreciation and impairment						
Balance at January 1, 2018 (after measurement period adjustment)	$ -	$ 225,011	$ 1,167,629	$ 12,106	$ 299,393	$ 1,704,139
Disposals	-	-	(34,531)	-	(8,152)	(42,683)
Depreciation expense	-	16,940	83,829	1,157	52,094	154,020
Effect of foreign currency exchange differences	-	4,555	19,882	262	4,200	28,899
Balance at June 30, 2018	$ -	$ 246,506	$ 1,236,809	$ 13,525	$ 347,535	$ 1,844,375
Carrying amounts at December 31, 2017 and January 1, 2018	$ 347,784	$ 560,417	$ 913,995	$ 8,216	$ 256,630	$ 2,087,042
Carrying amounts at June 30, 2018	$ 351,232	$ 565,121	$ 980,485	$ 7,216	$ 258,677	$ 2,162,731

(Concluded)

a. Reclassifications from inventory and other non-current assets - prepayments for equipment to property, plant and equipment amounted to $6,391 thousand and $26,581 thousand, respectively.

b. Reclassifications from inventory and other non-current assets - prepayments for equipment to property, plant and equipment amounted to $16,325 thousand and $13,291 thousand, respectively.

No impairment assessments were performed for the six months ended June 30, 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	2-23 years
Transportation	2-10 years
Other equipment	2-10 years

Refer to Note 39 for the carrying amount of property, plant and equipment pledged by the Company to secure borrowings granted.

16. INVESTMENT PROPERTIES

	Freehold Land	Building	Total
Cost			
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	(2,549)	(6,296)	(8,845)
Balance at June 30, 2017	$ 92,286	$ 152,424	$ 244,710

(Continued)

	Freehold Land	Building	Total
Accumulated depreciation and impairment			
Balance at January 1, 2017	$ -	$ 20,772	$ 20,772
Depreciation expense	-	1,879	1,879
Transferred from property, plant and equipment	-	13,889	13,889
Effect of foreign currency exchange differences	-	(1,226)	(1,226)
Balance at June 30, 2017	$ -	$ 35,314	$ 35,314
Carrying amounts at June 30, 2017	$ 92,286	$ 117,110	$ 209,396
Cost			
Balance at January 1, 2018	$ 91,460	$ 150,637	$ 242,097
Transferred from property, plant and equipment	-	-	-
Effect of foreign currency exchange differences	1,104	2,729	3,833
Balance at June 30, 2018	$ 92,564	$ 153,366	$ 245,930
Accumulated depreciation and impairment			
Balance at January 1, 2018	$ -	$ 36,760	$ 36,760
Depreciation expense	-	1,822	1,822
Transferred from property, plant and equipment	-	-	-
Effect of foreign currency exchange differences	-	639	639
Balance at June 30, 2018	$ -	$ 39,221	$ 39,221
Carrying amounts at December 31, 2017 and January 1, 2018	$ 91,460	$ 113,877	$ 205,337
Balance at June 30, 2018	$ 92,564	$ 114,145	$ 206,709

(Concluded)

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.

	June 30, 2018	December 31, 2017	June 30, 2017
Fair value	$ 287,057	$ 309,421	$ 233,600

Refer to Note 39 for the carrying amount of investment properties pledged by the Company to secure borrowings granted.

17. GOODWILL

	For the Six Months Ended June 30	
	2018	2017
Cost		
Balance at January 1	$ 395,860	$ -
Additional amounts recognized from business combinations occurring during the period (Note 32)	-	346,781
Effects of foreign currency exchange differences	(2,339)	10,856
Balance at June 30	$ 393,521	$ 357,637
Accumulated impairment losses		
Balance at January 1	$ -	$ -
Effects of foreign currency exchange differences	-	-
Balance at June 30	$ -	$ -
Carrying amounts at January 1	$ 395,860	$ -
Carrying amounts at June 30	$ 393,521	$ 357,637

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$393,521 thousand on June 30, 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.

Other balance sheet related adjustments increase (decrease):

	June 30, 2017 (Measurement Period Adjustment)	Acquisition Date (Measurement Period Adjustment)
Assets		
Current assets	$ -	$ (5,822)
Non-current assets		
Property, plant and equipment	(8,376)	(12,992)
Intangible assets	(86,618)	(85,514)
Goodwill	28,611	21,050
Others	-	(12,071)

(Continued)

	June 30, 2017 (Measurement Period Adjustment)	Acquisition Date (Measurement Period Adjustment)
Liabilities		
Current liabilities	$ (66,647)	$ (31,148)
Non-current liabilities	-	(8,519)
Equity		
Retained earnings	3,084	-
Other equity	(2,820)	-

Other comprehensive income related adjustments increase (decrease):

	For the Three Months Ended June 30	For the Six Months Ended June 30
Depreciation expense	$ (150)	$ (150)
Amortization expense	$ (2,934)	$ (2,934)
Exchange differences on translating foreign operations	$ 2,820	$ 2,820

18. OTHER INTANGIBLE ASSETS

	Patents	Computer Software	Trademarks	Customer Relationships	Core Technology	Total
Cost						
Balance at January 1, 2017	$ 25,800	$ 191,844	$ 63	$ -	$ -	$ 217,707
Additions	-	6,681	-	-	-	6,681
Acquisition through business combination (after measurement period adjustment)	-	22,210	-	164,450	154,583	341,243
Reclassifications (a)	-	12,458	-	-	-	12,458
Disposals	-	(263)	-	-	-	(263)
Effect of foreign currency exchange differences (after measurement period adjustment)	(1,504)	(6,793)	-	6,071	5,165	2,939
Balance at June 30, 2017 (after measurement period adjustment)	$ 24,296	$ 226,137	$ 63	$ 170,521	$ 159,748	$ 580,765
Accumulated depreciation and impairment						
Balance, at January 1, 2017	$ 17,133	$ 82,653	$ 52	$ -	$ -	$ 99,838
Amortization expense (after measurement period adjustment)	921	12,205	4	4,266	4,739	22,135
Acquisition through business combination (after measurement period adjustment)	-	14,843	-	-	-	14,843
Disposals	-	(263)	-	-	-	(263)
Effect of foreign currency exchange differences (after measurement period adjustment)	(1,009)	(2,859)	(1)	106	102	(3,661)
Balance at June 30, 2017 (after measurement period adjustment)	$ 17,045	$ 106,579	$ 55	$ 4,372	$ 4,841	$ 132,892
Carrying amounts at June 30, 2017 (after measurement period adjustment)	$ 7,251	$ 119,558	$ 8	$ 166,149	$ 154,907	$ 447,873

(Continued)

	Patents	Computer Software	Trademarks	Customer Relationships	Core Technology	Total
Cost						
Balance at January 1, 2018 (after measurement period adjustment)	$ 23,808	$ 241,885	$ 63	$ 174,197	$ 163,071	$ 603,024
Additions	-	20,756	-	-	-	20,756
Acquisitions through business combinations	-	-	-	41,910	48,944	90,854
Reclassifications (b)	-	1,427	-	-	-	1,427
Disposals	-	(2,400)	-	-	-	(2,400)
Effect of foreign currency exchange differences	652	3,691	-	3,286	3,937	11,566
Balance at June 30, 2018	$ 24,460	$ 265,359	$ 63	$ 219,393	$ 215,952	$ 725,227
Accumulated depreciation and impairment						
Balance at January 1, 2018 (after measurement period adjustment)	$ 17,596	$ 121,072	$ 58	$ 17,866	$ 19,766	$ 176,358
Amortization expense	886	15,364	4	19,581	13,450	49,285
Effect of foreign currency exchange differences	-	(2,247)	-	-	-	(2,247)
Disposals	513	1,941	(1)	126	276	2,855
Balance at June 30, 2018	$ 18,995	$ 136,130	$ 61	$ 37,573	$ 33,492	$ 226,251
Carrying amounts at December 31, 2017 and January 1, 2018	$ 6,212	$ 120,813	$ 5	$ 156,331	$ 143,305	$ 426,666
Carrying amounts at June 30, 2018	$ 5,465	$ 129,229	$ 2	$ 181,820	$ 182,460	$ 498,976

(Concluded)

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

b. Reclassifications of other non-current assets - prepayments for equipment to intangible assets amounted to $1,427 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	2-10 years
Trademarks	10 years
Customer relationships	6.5-10.4 years
Core technology	5.5-10.4 years

19. PREPAYMENTS FOR LEASES

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets (included in prepayments)	$ 1,273	$ 1,251	$ 1,294
Non-current assets	38,668	38,605	38,504
	$ 39,941	$ 39,856	$ 39,798

As of June 30, 2018, December 31, 2017 and June 30, 2017, prepaid lease payments included land use right with carrying amounts of $39,941 thousand, $39,856 thousand and $39,798 thousand, respectively, which are located in mainland China.

20. OTHER ASSETS

	June 30, 2018	December 31, 2017	June 30, 2017
Current			
Prepayments (includes prepayments for leases)	$ 181,587	$ 217,310	$ 189,507
Others	2,458	2,126	1,615
	$ 184,045	$ 219,436	$ 191,122
Other financial assets - current			
Time deposits with original maturities of more than 3 months (Note)	$ 19,947	$ -	$ -
Pledged bank deposits (Note 39)	21,530	19,975	37,066
	$ 41,477	$ 19,975	$ 37,066
Non-current			
Prepayments for equipment	$ 67,962	$ 60,031	$ 101,082
Prepayments for investments	-	33,034	-
Refundable deposits (Note 38)	58,398	50,567	46,391
	$ 126,360	$ 143,632	$ 147,473
Other financial assets - non-current			
Time deposits with original maturities of more than 3 months (Note)	$ 63,401	$ -	$ -
Pledged bank deposits (Note 39)	152,875	210,970	61,016
	$ 216,276	$ 210,970	$ 61,016

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

	June 30, 2018	December 31, 2017	June 30, 2017
Secured borrowings (Note 39)			
Bank loans	$ 64,500	$ 64,500	$ 64,500
Unsecured borrowings			
Line of credit borrowings	217,658	841,422	491,246
	$ 282,158	$ 905,922	$ 555,746

The range of interest rate on bank loans was 0.27%-5.22%, 0.31%-2.28% and 0.30%-5.85% per annum as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.

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

	June 30, 2018	December 31, 2017	June 30, 2017
Secured borrowings (Note 39)			
Bank loans	$ 381,944	$ 381,441	$ 387,995
Less: Current portion (due in one year)	(20,996)	(6,904)	(7,046)
	360,948	374,537	380,949
Unsecured borrowings			
Bank loans	-	148,800	-
Less: Current portion (due in one year)	-	(119,040)	-
	-	29,760	-
Long-term borrowings	$ 360,948	$ 404,297	$ 380,949

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 June 30, 2018, December 31, 2017 and June 30, 2017, the annual effective interest rate was 1.41%-3.85%, 1.41%-3.09% and 1.41%-2.10%, respectively, per annum.

22. BONDS PAYABLE

	June 30, 2018	December 31, 2017	June 30, 2017
Overseas unsecured bonds' par value	$ 3,057,500	$ -	$ 265,737
Less: Unamortized bond discount	(200,277)	-	(17,352)
Less: Current portion	-	-	(248,385)
	$ 2,857,223	$ -	$ -

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 June 30, 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 six months ended June 30, 2017, the amount of converted convertible bonds of $1,798,670 thousand (US$53,550 thousand) was reclassified to common stocks at $108,288 thousand and capital surplus - options at $1,690,382 thousand. Bonds payable discounts, financial liabilities at FVTPL - current and capital surplus - options on the conversion date in the amounts of $(109,945) thousand, $322 thousand and $106,301 thousand, respectively, were also reclassified to capital surplus - conversion of bonds. Amortization of discounts on bonds payable of $5,373 thousand for the three months ended June 30, 2017 and $13,146 thousand for the nine months ended June 30, 2017, respectively, were 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 June 30, 2017, bonds payable were reclassified to current bonds payable in the amount of $248,385 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 June 30, 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) For the three months ended June 30, 2018 and from February 1, 2018 (the issue date) to June 30, 2018, amortization of discounts on bonds payable were $10,257 thousand and $16,971 thousand, respectively, and were included in finance costs. As of June 30, 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	(10,991)
Liability component at issue date	2,711,511
Amortized interest	(16,971)
Effect of foreign exchange rate	162,683
Liability component as of June 30, 2018	$ 2,857,223

23. NOTES PAYABLE AND TRADE PAYABLES

	June 30, 2018	December 31, 2017	June 30, 2017
Notes payable			
Operating	$ 144,980	$ 186,066	$ 332,347
Trade payables			
Operating	$ 2,793,061	$ 3,248,355	$ 2,121,500

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

	June 30, 2018	December 31, 2017	June 30, 2017
Current			
Other payables			
Salaries or bonuses	$ 442,496	$ 541,330	$ 486,261
Payables for dividends	809,210	-	720,715
Welfare funds	29,289	26,928	23,850
Payables for taxes	7,396	22,658	28,250
Payables for employee bonuses	102,587	76,493	68,379
Payables for remuneration of directors	13,934	9,132	9,428
Payables for professional fees	41,208	37,415	97,782
Payables for shipping	44,023	45,682	37,510
Others	356,694	313,319	258,366
	$ 1,846,837	$ 1,072,957	$ 1,730,541
Contract liabilities	$ 17,896	$ -	$ -
Other liabilities			
Advance receipts	$ -	$ 20,928	$ 11,317
Receipts under custody	674	1,191	3,650
Others	1,477	1,042	1,070
	$ 2,151	$ 23,161	$ 16,037
Non-current			
Other liabilities			
Guarantee deposits	$ 8,218	$ 8,789	$ 8,248
Deferred revenue - government grants	15,293	17,470	-
Others	2,306	1,429	-
	$ 25,817	$ 27,688	$ 8,248

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, NT$73 thousand, NT$156 thousand and $146 thousand for the three months and six months ended June 30, 2018 and 2017, respectively.

26. EQUITY

a. Capital stock

Common stocks

	June 30, 2018	December 31, 2017	June 30, 2017
Number of stocks authorized (in thousand)	500,000	500,000	500,000
Stocks authorized	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of stocks issued and fully paid (in thousand)	118,566	115,566	113,788
Stocks issued	$ 1,185,664	$ 1,155,664	$ 1,137,881

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.

Adjustment of outstanding stocks:

	Number of Stocks Issued and Fully Paid (In Thousand)	Stock Authorized
Balance at January 1, 2017	102,959	$ 1,029,593
Convertible bonds converted to common stocks	10,829	108,288
Balance at June 30, 2017	113,788	$ 1,137,881
Balance at January 1, 2018	115,566	$ 1,155,664
Issue of common stock for cash	3,000	30,000
Balance at June 30, 2018	118,566	$ 1,185,664

b. Capital surplus

	June 30, 2018	December 31, 2017	June 30, 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (Note 1 below)			
Stock premiums	$ 1,494,762	$ 894,762	$ 827,037
Conversion of bonds premiums	3,010,509	3,010,509	2,733,729
	$ 4,505,271	$ 3,905,271	$ 3,560,766

(Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
May be used to offset a deficit only			
Conversion of employee stock options (Note 2 below)	$ 68,087	$ 50,032	$ 50,032
Changes in percentage of ownership interests in subsidiaries (Note 3 below)	502	-	-
Others - expired stock options (Note 2 below)	4,619	4,619	4,619
	$ 73,208	$ 54,651	$ 54,651
May not be used for any purpose			
Employee stock options	$ -	$ 18,055	$ -
Employee restricted stocks	144,892	152,757	225,750
Stock warrants	169,777	-	17,385
	$ 314,669	$ 170,812	$ 243,135

(Concluded)

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.

Note 3: Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

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	Changes in Percentage of Ownership Interests in Subsidiaries	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	-	-	1,687,060	(106,301)	-	-	-	-	1,580,759
Balance at June 30, 2017	$ 827,037	$ 50,032	$ 2,733,729	$ 17,385	$ 225,750	$ -	$ 4,619	$ -	$ 3,858,552
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
Cancelation of recalled restricted stocks to employee	-	-	-	-	(7,865)	-	-	-	(7,865)
Equity component of convertible bonds	-	-	-	169,777	-	-	-	-	169,777
Change in percentage of ownership interests in subsidiaries	-	-	-	-	-	-	-	502	502
Balance at June 30, 2018	$ 1,494,762	$ 68,087	$ 3,010,509	$ 169,777	$ 144,892	$ -	$ 4,619	$ 502	$ 4,893,148

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 approved in the shareholders' meetings on June 21, 2018 and 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

d. Other equity items

1) Exchange differences on translating foreign operations

	For the Six Months Ended June 30	
	2018	**2017**
Balance at January 1	$ (617,080)	$ (304,631)
Exchange differences on translating foreign operations	(65,328)	180,839
Exchange differences on translation to presentation currency	208,034	(446,855)
Balance at June 30	$ (474,374)	$ (570,647)

2) Unrealized gain or loss of financial assets at FVTOCI

	For the Six Months Ended June 30, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	(44,333)
Balance at January 1 per IFRS 9	(44,333)
Recognized during the period	
Unrealized gain or loss	
Equity instruments	26,300
Balance at June 30	$ (18,033)

3) Gain or loss on hedging instruments

Cash flow hedges

	For the Six Months Ended June 30, 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	(1,401)
Transferred to carrying amount of hedged items	
Raw material initial price risk - copper futures contracts	(5,770)
Related income tax	1,793
Balance at June 30	$ (5,378)

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 Six Months Ended June 30	
	2018	2017
Balance at January 1	$ (92,420)	$ (229,047)
Stock-based payment expenses recognized	33,668	70,219
Retired employee restricted stocks *	7,865	-
Balance at June 30	$ (50,887)	$ (158,828)

* Deducted from unearned benefits of restricted stocks amounting to NT$7,865 thousand for the six months ended June 30, 2018.

e. Non-controlling interests

	For the Six Months Ended June 30	
	2018	2017
Balance at January 1	$ -	$ -
Share in profit for the period	2,523	-
Other comprehensive income (loss) in the period		
Exchange differences on translating foreign operations	1,201	-
Subsidiary issued of shares to obtain non-controlling interest related to assets	47,785	-
Change in additional paid-in capital from share subscription not base on original ownership of OW Holding Inc.	(502)	-
Balance at June 30	$ 51,007	$ -

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

	June 30, 2018
Notes receivable and trade receivables (Note 11)	$ 4,748,467
Contract liabilities - current	
Sales of goods	$ 17,896

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 June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Interest income				
Bank deposits	$ 13,358	$ 4,241	$ 17,005	$ 12,863
Government grants revenue	5,982	2,206	13,188	8,664
Rental income	5,215	4,636	10,432	9,399
Others	5,838	4,168	6,751	4,707
	$ 30,393	$ 15,251	$ 47,376	$ 35,633

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Financial assets and liabilities				
Financial assets held for trading	$ -	$ (769)	$ -	$ (3,792)
Financial assets mandatorily at FVTPL	272	-	38,387	-
Financial liabilities held for trading	(78,565)	2,840	(81,893)	6,196
Loss on disposal of property, plant and equipment	(1,076)	(2,643)	(6,312)	(3,526)
Loss on disposal of intangible assets	-	-	(153)	-
Loss on disposal of investment for using equity method	-	(1,517)	-	(1,517)
Net foreign exchange gains/(losses)	111,247	(23,473)	8,554	(44,959)
Others	(1,637)	(820)	(3,770)	(1,045)
	$ 30,241	$ (26,382)	$ (45,187)	$ (48,643)

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Interest on bank loans	$ (2,942)	$ (5,161)	$ (7,285)	$ (7,265)
Interest on convertible bonds	(10,257)	(5,373)	(16,971)	(13,146)
Others	-	-	(240)	-
	$ (13,199)	$ (10,534)	$ (24,496)	$ (20,411)

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Property, plant and equipment	$ 75,978	$ 65,417	$ 154,020	$ 112,633
Investment property	916	930	1,822	1,879
Intangible assets	24,871	16,207	49,285	22,135
	$ 101,765	$ 82,554	$ 205,127	$ 136,647
An analysis of depreciation by function				
Operating costs	$ 57,135	$ 51,005	$ 117,317	$ 84,092
Operating expenses	19,759	15,342	38,525	30,420
	$ 76,894	$ 66,347	$ 155,842	$ 114,512

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
An analysis of amortization by function				
Operating costs	$ 9,334	$ 5,859	$ 18,508	$ 5,971
Selling and marketing expenses	6,912	4,350	13,807	4,371
General and administrative expenses	7,747	5,321	15,238	10,589
Research and development expenses	878	677	1,732	1,204
	$ 24,871	$ 16,207	$ 49,285	$ 22,135

(Concluded)

e. Operating expense directly related to investment properties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Direct operating expenses from investment properties generating rental income	$ 916	$ 930	$ 1,822	$ 1,879

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Short term benefit	$ 830,972	$ 622,293	$ 1,583,871	$ 1,077,322
Other employee benefits	98,926	60,619	193,159	97,667
Share-based payments *	17,305	33,688	34,011	70,219
Post-employment benefits (Note 25)				
Defined contribution plans	29,016	24,717	67,730	48,862
Defined benefit plans	78	73	156	146
	29,094	24,790	67,886	49,008
Total employee benefits expense	$ 976,297	$ 741,390	$ 1,878,927	$ 1,294,216
An analysis of employee benefits expense by function				
Operating costs	$ 602,118	$ 426,945	$ 1,180,978	$ 680,159
Operating expenses	374,179	314,445	697,949	614,057
	$ 976,297	$ 741,390	$ 1,878,927	$ 1,294,216

* For the three months and six months ended June 30, 2018, the stock-based payments included the stock-based payment of NT$16,962 thousand and NT$33,688 thousand withdrawn accumulative stock dividends of NT$343 thousand.

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 six months ended June 30, 2018 and 2017, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2018	2017
Employees' compensation	3.79%	3.20%
Remuneration of directors	0.70%	0.75%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Employees' compensation	$ 13,047	$ 10,212	$ 26,094	$ 20,720
Remuneration of directors	2,604	2,383	4,802	4,835

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 years 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 June 30		For the Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Current tax				
In respect of the current period	$ 116,307	$ 84,746	$ 152,640	$ 134,941
Adjustments for prior periods	(5,825)	(3,933)	(10,638)	(3,933)
	110,482	80,813	142,002	131,008
Deferred tax				
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-	(439)	-
In respect of the current period	3,641	(10,391)	8,886	(2,483)
Income tax expense recognized in profit or loss	$ 114,123	$ 70,422	$ 150,449	$ 128,525

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 six months ended June 30, 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 Xiang Yao Electronics (Shen Zhen) Co., Ltd. and Bizconn International Corp. (China) in the six months ended June 30, 2018 and 2017 and for BizLink (Kun Shan) Co., Ltd. in the six months ended June 30, 2018, 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 six months ended June 30, 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 six months ended June 30, 2018 and 2017 used by the subsidiaries in Ireland is 12.5% according to local law. The applicable tax rate in the six months ended June 30, 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 June 30, 2018, the Company has no unsettled lawsuit.

30. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Basic earnings per share				
Net income	$ 278,468	$ 299,798	$ 504,288	$ 496,213
Weighted average number of common stocks in computation of basic earnings per share	117,551	105,679	117,319	103,980
Basic earnings per share	$2.37	$2.84	$4.30	$4.77
Diluted earnings per share				
Net income	$ 278,468	$ 299,798	$ 504,288	$ 496,213
Effect of potentially dilutive common stocks:				
Interest on convertible bonds (after tax)	-	5,373	-	13,146
Gain on valuation of converted bonds	-	(1,606)	-	(4,962)
Earnings used in the computation of diluted earnings per share from continuing operation	$ 278,468	$ 303,565	$ 504,288	$ 504,397
Weighted average number of common stocks in computation of basic earnings per share	117,551	105,679	117,319	103,980
Effect of potentially dilutive common stocks:				
Convertible bonds	-	8,380	-	10,079
Employees' compensation or bonus issued to employees	122	96	195	186
Employee restricted stocks	779	737	797	680
Weighted average number of common stocks in computation of diluted earnings per share	118,452	114,892	118,311	114,925
Diluted earnings per share	$2.35	$2.64	$4.26	$4.39

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.

The outstanding convertible bonds issued by the Company were converted to ordinary shares during the three months ended June 30, 2018 and the six months ended June 30, 2018, they were anti-dilutive and excluded from the computation of diluted earnings per share.

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:

a. 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 $17,305 thousand, $33,688 thousand, $34,011 thousand and $70,219 thousand were recognized, respectively, within the vesting period for the three months and six months ended June 30, 2018 and 2017.

32. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
				NT$
Leoni AG's Electrical Appliance Assemblies business group	Wholesale, manufacture and retail of material cable assemblies, cable connectors, power cables, smart instrumentational sensors, instrumentational connectors, and instrumentational functional materials.	May 2, 2017	100.00	$ 1,682,279

Leoni AG's Electrical Appliance Assemblies business group included EA Cable Assemblies GmbH, BizLink Technology (Belgium) NV, BizLink Technology (Slovakia) S.R.O., EA Assemblies (Hong Kong) Co., Limited, BizLink Technology (Xiamen) Limited, BizLink Technology (Chang Zhou) Limited, and BizLink Technology SRB D.O.O.

The Company acquired Leoni AG's Electrical Appliance Assemblies business group on May 2, 2017, in order to get a European and Chinese production base, employees and market expansion capabilities.

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

	Leoni AG's Electrical Appliance Assemblies Business Group
Cash	$ 1,682,279

	OW Holding Inc.
Cash	$ 57,890
Issuance of equity instruments	32,964
	$ 90,854

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	(47,785)
Differences recognized from equity transactions	$ (14,821)

c. Assets acquired and liabilities assumed at the date of acquisition

	Leoni AG's Electrical Appliance Assemblies Business Group
Current assets	
Cash and cash equivalents	$ 561,991
Trade and other receivables	1,157,860
Inventories	590,639
Prepayments and others	123,403

(Continued)

	Leoni AG's Electrical Appliance Assemblies Business Group
Non-current assets	
Property, plant and equipment	$ 555,841
Other intangible assets	326,400
Others	8,420
Current liabilities	
Short-term borrowings	(283,479)
Trade and other payables	(1,536,917)
Others	(161,227)
Non-current liabilities	
Others	(7,433)
	$ 1,335,498

(Concluded)

The figure here has been restated based on the purchase price allocation report as if the initial accounting treatment and provisional prices were completed on the acquisition date.

	OW Holding Inc.
Intangible assets	
Customer relationships	$ 41,910
Core technology	48,944
	$ 90,854

d. Goodwill bargain purchases recognized on acquisitions

	Leoni AG's Electrical Appliance Assemblies Business Group
Consideration transferred	$ 1,682,279
Less: Fair value of identifiable net assets acquired	(1,335,498)
Bargain purchases recognized on acquisitions (gain from bargain purchases - acquisition of subsidiaries)	$ 346,781

The goodwill recognized in the acquisition of Leoni AG's Electrical Appliance Assemblies Group mainly represent the control premiums included in the costs of the combination.

e. Net cash outflow on acquisition of subsidiaries

	Leoni AG's Electrical Appliance Assemblies Business Group
Consideration paid in cash	$ 1,682,279
Less: Cash and cash equivalent balances acquired	(561,991)
	$ 1,120,288

f. Impact of acquisitions on the results of the Company

The results of the acquired companies since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	Leoni AG's Electrical Appliance Assemblies Business Group
Revenue	$ 1,001,510
Profit	$ 42,558

Had these business combinations been in effect at the beginning of the annual reporting period, the Company's revenue from continuing operations would have been NT$7,703,069 thousand, and the profit from continuing operations would have been NT$440,143 thousand for the six months ended June 30, 2017. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Company that actually would have been achieved had the acquisition been completed on January 1, 2017, nor is it intended to be a projection of future results.

33. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

In June 2018, BizLink subscribed for additional new shares of OW Holding at a different percentage from its existing ownership, increasing its continuing interest from 89.29% to 90.58%.

The above transaction was accounted for as equity transactions, since BizLink did not cease to have control over this subsidiary.

	OW Holding Inc.
Cash consideration received	$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	502
Differences recognized from equity transactions	$ 502

	OW Holding Inc.
Line items adjusted for equity transactions	
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ 502

34. CASH FLOWS INFORMATION

a. Non-cash transactions

For the six months ended June 30, 2018, the Company entered into the following non-cash investing and financing activities:

1) Distribution of cash dividend resolved by the shareholders' meeting on June 30, 2018 and 2017 were unpaid (see Notes 24 and 26).

2) 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.

3) In February 2018, the Company's subsidiary OW Holding Inc. issued stocks, and the Company paid US$2,000 thousand to obtain intangible assets. For the six months ended June 30, 2018, NT$7,440 (US$250 thousand) thousand was paid and NT$22,931 thousand (US$750 thousand) was yet unpaid and included other payables.

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2018

	Opening Balance	Cash Flows	Liability Components	Equity Components	Interest Expense	Effect of Foreign Currency Exchange Differences	Closing Balance
Short-term borrowings	$ 905,922	$ (607,557)	$ -	$ -	$ -	$ (16,207)	$ 282,158
Long-term borrowings	530,241	(149,966)	-	-	-	1,669	381,944
Guarantee deposits	8,789	(785)	-	-	-	214	8,218
Bonds payable	-	2,892,279	(10,991)	(169,777)	(16,971)	162,683	2,857,223
	$ 1,444,952	$ 2,133,971	$ (10,991)	$ (169,777)	$ (16,971)	$ 148,359	$ 3,529,543

35. 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:

	June 30, 2018	December 31, 2017	June 30, 2017
Not later than 1 year	$ 191,439	$ 204,789	$ 165,787
Later than 1 year and not later than 5 years	431,754	422,546	429,491
Later than 5 years	80,155	89,777	4,943
	$ 703,348	$ 717,112	$ 600,221

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Minimum lease payments	$ 45,020	$ 44,436	$ 93,232	$ 79,939

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:

	June 30, 2018	December 31, 2017	June 30, 2017
Not later than 1 year	$ 18,299	$ 17,679	$ 16,048
Later than 1 year and not later than 5 years	37,741	44,173	50,431
	$ 56,040	$ 61,852	$ 66,479

36. 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.

37. 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

June 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic and foreign quoted stocks	$ 2,374	$ -	$ -	$ 2,374
Financial assets at FVTOCI				
Domestic and foreign unlisted stocks	$ -	$ -	$ 311,461	$ 311,461
Financial liabilities at FVTPL				
Financial liabilities convertible bonds - options	$ -	$ -	$ 22,626	$ 22,626
Foreign exchange forward contracts	-	60,904	-	60,904
Futures contracts - copper	52	-	-	52
	$ 52	$ 60,904	$ 22,626	$ 83,582

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
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	2,151	-	-	2,151
	$ 8,138	$ 12,214	$ -	$ 20,352

June 30, 2017

	Level 1 NT$	Level 2 NT$	Level 3 NT$	Total NT$
Financial assets at FVTPL				
Derivative financial assets held for trading				
Futures contracts - copper	$ 2,036	$ -	$ -	$ 2,036
Non-derivative financial assets held for trading				
Domestic and foreign quoted stocks	1,860	-	-	1,860
	$ 3,896	$ -	$ -	$ 3,896

For the six months ended June 30, 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 six months ended June 30, 2018

	Financial Assets at FVTOCI Equity Instruments
Financial assets	
Balance at January 1, 2018	$ 227,319
Additional	38,832
Recognized in other comprehensive income (unrealized gain (loss) on financial assets at FVTOCI)	26,300
Effect of foreign currency exchange differences	19,010
Balance at June 30, 2018	$ 311,461

	Convertible Bonds
Financial liabilities at FVTPL	
Balance at January 1, 2018	$ -
Additional - issuance of bonds	10,991
Recognized in profit or loss (other gains and losses)	
Unrealized	10,768
Effect of foreign currency exchange differences	867
Balance at June 30, 2018	$ 22,626

For the six months ended June 30, 2017

	Convertible Bonds
Financial liabilities at FVTPL	
Balance at January 1, 2017	$ 5,521
Recognized in profit or loss (other gains and losses)	
Unrealized	(4,962)
Reclassified	(322)
Effect of foreign currency exchange differences	(237)
Balance at June 30, 2017	$ -

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

Financial Instruments	Valuation Techniques and Inputs
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

Financial Instruments	Valuation Techniques and Inputs
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

	June 30, 2018	December 31, 2017	June 30, 2017
Financial assets			
Financial assets at FVTPL			
Held-for-trading	$ -	$ 20,352	$ 3,896
Mandatorily at FVTPL	2,374	-	-
Available-for-sale	-	239,640	243,786
Loans and receivables (1)	-	6,530,997	6,204,968
Financial assets at amortized cost (2)	9,128,399	-	-

(Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
Financial assets at FVTOCI			
Equity instruments	$ 311,461	$ -	$ -
Financial liabilities			
Financial liabilities at FVTPL			
Held-for-trading	83,582	-	-
Financial liabilities at amortized cost (3)	6,910,049	5,275,789	4,047,879
Derivative financial liabilities for hedging	1,248	-	-

(Concluded)

1) The balances included cash and cash equivalents, debt investments with no active market, notes receivable, trade receivables, 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, 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 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 41.

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 Six Months Ended June 30	
	2018	2017
Profit or loss	$ 10,033	$ 28,925

This 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 decreased during the current period mainly due to increase in foreign currency trade payables.

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:

	June 30, 2017	December 31, 2017	June 30, 2018
Interest rate risk on fair value			
Financial assets	$ 1,742,847	$ 127,458	$ 348,156
Financial liabilities	3,139,381	763,646	557,470
Interest rate risk on cash flow			
Financial assets	2,525,354	1,765,994	2,243,460
Financial liabilities	381,944	672,517	634,656

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 six months ended June 30, 2018 and 2017 would have increased/decreased by NT$10,717 thousand and NT$8,044 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 increased during the current period mainly due to the increase in the variable rate bank deposits.

c) Other price risk

The Company was not exposed to equity price risk through its investments in listed equity securities, because the amount of its investments were considered immaterial. The Company was exposed to equity price risk through its investments in unlisted equity securities. Equity investments are held for strategic rather than trading purposes, the Company does not actively trade these investments. In addition, the Company has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

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 six months ended June 30, 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:

June 30, 2018

Hedge Instrument	Contract Weight	Maturity	Line Item in Balance Sheet	Carrying Amount Liabilities
Copper futures contracts	695 tons	2018.07-2018.12	Derivative financial liabilities for hedging	$ 1,248

Hedged Item	Book Value of Other Equity Continuous Application of Hedge Accounting
Cash flow hedges	
Expected purchases (i)	$ (5,378)

For the six months ended June 30, 2018

Other Comprehensive Income Effect	Recognized Profit (Loss) in Other Comprehensive Income
Cash flow hedges	
Expected purchases (i) (ii)	$ (7,171)

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 34%, 39% and 20% of total trade receivables as of June 30, 2018, December 31, 2017 and June 30, 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 June 30, 2018, December 31, 2017 and June 30, 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.

June 30, 2018

(Amount in Thousands of New Taiwan Dollars)

	Less Than 3 Months	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 3,272,042	$ 108,464	$ 8,218	$ -
Variable interest rate	3,741	25,011	291,459	87,824
Fixed interest rate	282,439	-	3,134,549	-
	$ 3,558,222	$ 133,475	$ 3,434,226	$ 87,824

December 31, 2017

	Less Than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 3,811,158	$ 19,679	$ 8,789	$ -
Variable interest rate	294,917	10,990	291,248	105,184
Fixed interest rate	645,775	90,710	29,919	-
	$ 4,751,850	$ 121,379	$ 329,956	$ 105,184

June 30, 2017

	Less Than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 3,417,330	$ 150,890	$ 8,248	$ -
Variable interest rate	251,133	10,846	282,869	122,663
Fixed interest rate	309,373	271,105	-	-
	$ 3,977,836	$ 432,841	$ 291,117	$ 122,663

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.

June 30, 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
Net settled					
Futures contracts - cooper	$ 33	$ (21)	$ (64)	$ -	$ -
Gross settled					
Foreign exchange forward contracts	$ 1,529,919	$ 151,952	$ -	$ -	$ -
Inflow	(1,589,900)	(152,875)	-	-	-
Outflow					
	$ (59,981)	$ (923)	$ -	$ -	$ -

December 31, 2017

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

June 30, 2017

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Futures contracts - cooper	$ -	$ 2,036	$ -	$ -	$ -

c) Financing facilities

	June 30, 2018	December 31, 2017	June 30, 2017
Secured bank loan facilities:			
Amount used	$ 446,444	$ 445,941	$ 452,495
Amount unused	29,464	25,240	22,224
	$ 475,908	$ 471,181	$ 474,719
Unsecured bank loan facilities:			
Amount used	$ 217,658	$ 990,222	$ 491,246
Amount unused	2,427,300	3,111,205	1,943,979
	$ 2,644,958	$ 4,101,427	$ 2,435,225

38. 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 Item	Related Party Categories/Name	For the Three Months Ended June 30 2018	For the Three Months Ended June 30 2017	For the Six Months Ended June 30 2018	For the Six Months Ended June 30 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. Refundable deposits (included in other current assets)

Related Party Categories/Name	June 30, 2018	December 31, 2017	June 30, 2017
Substantive related party - Kunshan Xianglian Construction Development Limited	$ 20,972	$ 15,139	$ 13,654

d. Cost of goods sold

Line Item	Related Party Categories/Name	For the Three Months Ended June 30 2018	For the Three Months Ended June 30 2017	For the Six Months Ended June 30 2018	For the Six Months Ended June 30 2017
Rental expenses	Substantive related party - Kunshan Xianglian Construction Development Limited	$ 9,967	$ 8,997	$ 19,786	$ 18,592

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

e. Operating expense

Line Item	Related Party Categories/Name	For the Three Months Ended June 30 2018	For the Three Months Ended June 30 2017	For the Six Months Ended June 30 2018	For the Six Months Ended June 30 2017
Rental expenses	Substantive related party - Kunshan Xianglian Construction Development Limited	$ 6,752	$ 5,456	$ 13,428	$ 11,200

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

f. Compensation of key management personnel

Line Item	For the Three Months Ended June 30 2018	For the Three Months Ended June 30 2017	For the Six Months Ended June 30 2018	For the Six Months Ended June 30 2017
Short-term employee benefits	$ 11,292	$ 10,320	$ 32,493	$ 28,850
Share-based payments	4,976	9,882	9,876	20,598
	$ 16,268	$ 20,202	$ 42,369	$ 49,448

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

39. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	June 30, 2018	December 31, 2017	June 30, 2017
Pledged deposits (classified as other financial assets - current)	$ 1,514	$ 1,465	$ 1,414
Pledged deposits (classified as other financial assets - non-current)	-	62,170	61,016
Bank deposits (classified as other financial assets - current)	20,016	18,510	35,652
Bank deposits (classified as other financial assets - non-current)	152,875	148,800	-
Freehold land (classified as property, plant and equipment)	297,456	295,441	296,948
Buildings (classified as property, plant and equipment)	239,397	238,983	244,732
Freehold land (classified as investment properties)	51,120	51,120	51,120
Buildings (classified as investment properties)	29,614	29,954	31,731
	$ 791,992	$ 846,443	$ 722,613

40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of June 30, 2018, December 31, 2017 and June 30, 2017 were as follows:

Significant Commitments

Unrecognized commitments are as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
Acquisition of property, plant and equipment	$ 40,922	$ 57,161	$ 30,595

41. 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)

	June 30, 2018		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 135,986	6.5963 (USD:RMB)	$ 4,157,767
USD	4,360	7.8483 (USD:HKD)	133,307
USD	30,305	0.8647 (USD:EUR)	926,574
USD	10,299	4.0385 (USD:MYR)	314,892
Financial liabilities			
Monetary items			
USD	51,624	6.5963 (USD:RMB)	1,578,402
USD	1,272	7.8483 (USD:HKD)	38,891
USD	36,721	0.8647 (USD:EUR)	1,122,743

	December 31, 2017		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
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
Financial liabilities			
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

	June 30, 2017		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 128,490	6.7935 (USD:RMB)	$ 3,902,241
USD	7,428	7.8034 (USD:HKD)	225,588
USD	27,764	0.8750 (USD:EUR)	843,193
USD	2,469	4.2960 (USD:MYR)	74,984
Financial liabilities			
Monetary items			
USD	30,950	6.7935 (USD:RMB)	939,952
USD	1,745	7.8034 (USD:HKD)	52,996
USD	36,234	0.8750 (USD:EUR)	1,100,427

For the six months ended June 30, 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.

42. 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 Six Months Ended June 30, 2018				
	Computer-Related	Fiber Optics	Home Appliance	Others	Total
Revenue from external customers	$ 7,056,122	$ 208,269	$ 2,703,074	$ 18,712	$ 9,986,177
Intersegment revenue	11,738,985	224,154	474,403	115,950	12,553,492
Segment revenue	18,795,107	432,423	3,177,477	134,662	22,539,669
Eliminations					(12,553,492)
Consolidated revenue					9,986,177
Segment income	$ 667,774	$ 28,796	$ 7,621	$ 19,477	$ 723,668
Reportable segment other income					$ 47,376
Reportable segment other gains and losses					(45,187)
Reportable segment compensation of management personnel					(42,369)
Reportable segment finance costs					(24,496)
Share of loss of associates accounted for using the equity method					(1,732)
Reportable segment income before income tax					$ 657,260

	For the Six Months Ended June 30, 2017				
	Computer-Related	Fiber Optics	Home Appliance	Others	Total
Revenue from external customers	$ 4,761,469	$ 215,403	$ 1,001,510	$ 20,666	$ 5,999,048
Intersegment revenue	6,850,172	282,240	100,156	87,906	7,320,474
Segment revenue	11,611,641	497,643	1,101,666	108,572	13,319,522
Eliminations					(7,320,474)
Consolidated revenue					5,999,048
Segment income	$ 599,692	$ 42,263	$ 55,024	$ 10,671	$ 707,650
Reportable segment other income					$ 35,633
Reportable segment other gains and losses					(48,643)
Reportable segment compensation of management personnel					(49,448)
Reportable segment finance costs					(20,411)
Share of loss of associates accounted for using the equity method					(43)
Reportable segment income before income tax					$ 624,738

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.