FOXCONN TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Foxconn Technology Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Foxconn Technology Co., Ltd. (the "Company") as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company's parent company only financial statements of the year ended December 31, 2018 are stated as follows:

Revenue cutoff

Description

Refer to Note 4(26) for accounting policy on revenue recognition and Note 6(18) for details of revenues.

The Company has three revenue types, including (1) direct shipment from the factory, (2) FOB destination, and (3) hub. For FOB destination and hub, revenue is recognised when goods are shipped to destination or picked up by customers (when control of the products is transferred). The supporting documents for revenue recognition include receipts from customers (FOB destination), reports or other information provided by hub custodians and inventory movement record of hub. As the hubs are located around the world with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between the physical inventory quantities in the hubs and the quantities as reflected in accounting records.

Since there are numerous daily revenue transactions from hubs and from FOB destination and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, revenue cutoff has been identified as a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Evaluated and tested the Company's internal controls over revenue recognition.
2. Tested sales transactions that took place shortly before and after the balance sheet date by verifying the customers' receipt notes, supporting documents provided by hub custodian, and inventory movement records, and ascertained whether cost of goods sold was recognised in the correct reporting period.
3. Confirmed physical inventory quantities held by distribution warehouses and agreed to

accounting records. Assessed the reasonableness of reconciling items identified through confirmation or physical inventory, if any and inspected respective supporting documents and rationale.

Provision for inventory valuation losses

<u>Description</u>

Refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses, and Note 6(6) for details of inventories.

The Company is primarily engaged in the sales of 3C electronic products manufactured by its subsidiaries. Due to rapid technological innovations, short electronic product life cycles and fluctuation of market prices, there is a higher risk of inventory losses arising from market value decline or obsolescence. The Company and its subsidiaries recognise inventories at the lower of cost and net realisable value which is determined based on historical data of inventory closeout and range of discount. Inventory valuation losses are provided against inventory aged over a certain time period and individually identified as obsolete or damaged.

As the amounts of the Company and its subsidiaries' inventory are material, types of inventories vary, the identification of obsolete or damaged inventories and determination of net realisable value are subject to management and audit judgement, we consider provision for inventory valuation losses as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in respect of the above key audit matter:

A. Ensured consistent application of accounting policies on provision for inventory valuation losses and ascertain compliance with respective accounting guidance.

B. Validated the appropriateness of system logic of inventory aging report utilised by management in assessing inventory valuation losses and sampled and tested transactions for proper categorisation in inventory aging report.

C. Assessed the reasonableness of inventory valuation losses through discussion with management as to the determination of net realisable value of obsolete or damaged inventories and validating related supporting documents.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Hsu, Sheng-Chung Wu, Han-Chi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2019

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

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 11,123,840	8	$ 18,114,095	10
1110	Current financial assets at fair value through profit or loss	6(2)	567,640	1	1,446	-
1136	Financial assets at amortised cost - current	6(4)	500,000	-	-	-
1170	Accounts receivable, net	6(5)	12,734,403	9	14,080,612	7
1180	Accounts receivable due from related parties, net		974,348	1	1,336,791	1
1200	Other receivables		380,117	-	1,011,989	-
130X	Inventories	6(6)	269,161	-	1,220,920	1
1470	Other current assets	6(7)	15,407	-	6,652,418	4
11XX	**Total current assets**		26,564,916	19	42,418,271	23
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	1,415,846	1	-	-
1523	Non-current available-for-sale financial assets		-	-	1,791,255	1
1550	Investments accounted for under equity method	6(8)	109,456,141	80	141,841,293	76
1600	Property, plant and equipment	6(9)	77,567	-	95,304	-
1760	Investment property-net	6(10)	127,279	-	127,387	-
1840	Deferred tax assets	6(23)	60,268	-	30,294	-
1900	Other non-current assets		9,146	-	11,057	-
15XX	**Total non-current assets**		111,146,247	81	143,896,590	77
1XXX	**Total assets**		$ 137,711,163	100	$ 186,314,861	100

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FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 13,689,160	10	$ 22,449,280	12
2120	Current financial liabilities at fair value through profit or loss	6(2)	39,992	-	47,417	-
2170	Accounts payable		1,325,536	1	778,929	1
2180	Accounts payable to related parties		19,347,339	14	24,906,383	13
2200	Other payables	6(12)	2,100,239	1	2,187,453	1
2230	Current tax liabilities	6(23)	989,355	1	840,369	1
2300	Other current liabilities		84,419	-	10,198	-
21XX	**Total current liabilities**		37,576,040	27	51,220,029	28
	Non-current liabilities					
2570	Deferred tax liabilities	6(23)	610,671	1	561,389	-
2600	Other non-current liabilities	6(13)	12,791	-	14,304	-
25XX	**Total non-current liabilities**		623,462	1	575,693	-
2XXX	**Total liabilities**		38,199,502	28	51,795,722	28
	Equity					
	Share capital	6(14)				
3110	Ordinary share		14,144,852	10	14,144,852	8
	Capital surplus	6(15)				
3200	Capital surplus		7,767,553	6	7,768,067	4
	Retained earnings	6(16)				
3310	Legal reserve		11,103,487	8	10,106,948	5
3350	Unappropriated retained earnings		66,542,261	48	63,516,070	34
	Other equity interest	6(17)				
3400	Other equity interest		(46,492)	-	38,983,202	21
3XXX	**Total equity**		99,511,661	72	134,519,139	72
	Commitments and Contingent Liabilities					
3X2X	**Total liabilities and equity**		$ 137,711,163	100	$ 186,314,861	100

The accompanying notes are an integral part of these parent company only financial statements.

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Years ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(18)	$ 93,824,119	100	$ 84,414,971	100
5000	**Operating costs**	6(6)(21)	(88,948,243)	(95)	(80,118,144)	(95)
5900	**Gross profit from operations**		4,875,876	5	4,296,827	5
	Operating expenses	6(21)				
6100	Selling expenses		(221,299)	-	(133,444)	-
6200	Administrative expenses		(247,425)	-	(127,343)	-
6300	Research and development expenses		(254,194)	(1)	(156,700)	-
6000	**Total operating expenses**		(722,918)	(1)	(417,487)	-
6900	**Net operating income**		4,152,958	4	3,879,340	5
	Non-operating income and expenses					
7010	Other income	6(19)	508,693	1	463,267	-
7020	Other gains and losses	6(20)	30,445	-	(445,212)	(1)
7050	Finance costs		(521,117)	(1)	(235,787)	-
7070	Share of profits of associates and joint ventures accounted for using equity method	6(8)	6,310,617	7	7,326,434	9
7000	**Total non-operating income and expenses**		6,328,638	7	7,108,702	8
7900	**Profit before income tax**		10,481,596	11	10,988,042	13
7950	Tax expense	6(23)	(1,334,937)	(1)	(1,022,656)	(1)
8200	**Profit**		$ 9,146,659	10	$ 9,965,386	12
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial losses on defined benefit plans	6(13)	($ 93)	-	($ 11,866)	-
8316	Unrealised loss on valuation of financial assets at fair value through other comprehensive loss	6(17)	(375,409)	(1)	-	-
8330	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(17)	(38,662,563)	(41)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	869	-	2,017	-
8310	**Other comprehensive loss that will not be reclassified to profit or loss**		(39,037,196)	(42)	(9,849)	-
	Components of other comprehensive income that will be reclassified to profit or loss	6(16)				
8361	Exchange differences on translation		8,278	-	(4,166,406)	(5)
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets		-	-	91,275	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method		-	-	27,366,987	32
8360	**Other comprehensive income that will be reclassified to profit or loss**		8,278	-	23,291,856	27
8500	**Total comprehensive (loss) income**		($ 29,882,259)	(32)	$ 33,247,393	39
	Earnings per share	6(24)				
9750	**Basic earnings per share**		$	6.47	$	7.05
9850	**Diluted earnings per share**		$	6.41	$	7.01

The accompanying notes are an integral part of these parent company only financial statements.

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings		Other Equity Interest			
	Notes	Ordinary share	Capital surplus	Legal reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gains (losses) on available-for-sale financial assets	Total
2017									
Balance at January 1, 2017		$ 14,144,852	$ 7,793,643	$ 9,034,837	$ 60,007,688	$ 1,580,117	$ -	$ 14,111,229	$ 106,672,366
Profit		-	-	-	9,965,386	-	-	-	9,965,386
Other comprehensive income (loss)	6(16)	-	-	-	(9,849)	(4,166,406)	-	27,458,262	23,282,007
Total comprehensive income (loss)		-	-	-	9,955,537	(4,166,406)	-	27,458,262	33,247,393
Appropriations of 2016 earnings	6(16)								
Legal reserve		-	-	1,072,111	(1,072,111)	-	-	-	-
Cash dividends		-	-	-	(5,375,044)	-	-	-	(5,375,044)
Changes in equity of associates and joint ventures accounted for using equity method		-	(25,576)	-	-	-	-	-	(25,576)
Balance at December 31, 2017		$ 14,144,852	$ 7,768,067	$ 10,106,948	$ 63,516,070	($ 2,586,289)	$ -	$ 41,569,491	$ 134,519,139
2018									
Balance at January 1, 2018		$ 14,144,852	$ 7,768,067	$ 10,106,948	$ 63,516,070	($ 2,586,289)	$ -	$ 41,569,491	$ 134,519,139
Effects of retrospective application and retrospective restatement		-	-	-	(16,843)	-	41,569,491	(41,569,491)	(16,843)
Balance at January 1 after adjustments		14,144,852	7,768,067	10,106,948	63,499,227	(2,586,289)	41,569,491	-	134,502,296
Profit		-	-	-	9,146,659	-	-	-	9,146,659
Other comprehensive income (loss)		-	-	-	776	8,278	(39,037,972)	-	(39,028,918)
Total comprehensive income (loss)		-	-	-	9,147,435	8,278	(39,037,972)	-	(29,882,259)
Appropriations of 2017 earnings	6(16)								
Legal reserve		-	-	996,539	(996,539)	-	-	-	-
Cash dividends		-	-	-	(5,092,147)	-	-	-	(5,092,147)
Changes in equity of associates and joint ventures accounted for using equity method		-	(514)	-	(15,715)	-	-	-	(16,229)
Balance at December 31, 2018		$ 14,144,852	$ 7,767,553	$ 11,103,487	$ 66,542,261	($ 2,578,011)	$ 2,531,519	$ -	$ 99,511,661

The accompanying notes are an integral part of these parent company only financial statements.

FOXCONN TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 10,481,596	$ 10,988,042
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property)	6(21)	16,718	15,200
Amortisation	6(21)	1,250	1,250
Expected credit gain		(887)	-
Interest expense		521,116	235,787
Share of profits of associates and joint ventures accounted for using equity method	6(8)	(6,310,617)	(7,326,434)
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)	(573,619)	293,209
Dividend income	6(19)	(106,424)	(21,543)
Interest income	6(19)	(293,720)	(181,804)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		1,352,682	(7,474,102)
Accounts receivable due from related parties		351,877	278,437
Other receivables		52,448	122,922
Inventories		951,759	544,308
Other current assets		(10,689)	(305)
Changes in operating liabilities			
Accounts payable		546,607	349,993
Accounts payable to related parties		(5,559,044)	14,004,692
Other payables		452,863	(5,442)
Other current liabilities		74,221	4,586
Other non-current liabilities		(1,606)	(4,208)
Cash inflow generated from operations		1,946,531	11,824,588
Income taxes paid		(1,165,774)	(1,166,685)
Net cash flows from operating activities		780,757	10,657,903
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease in financial assets at amortised cost-current		6,147,700	-
Acquisition of property, plant and equipment		(2,482)	(30,113)
Increase in other financial assets		-	(6,647,700)
Decrease (increase) in other non-current assets		661	(660)
Interest received		329,768	142,768
Dividends received		119,816	53,985
Net cash flows from (used in) investing activities		6,595,463	(6,481,720)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(8,760,120)	16,579,780
Cash dividends paid	6(15)	(5,092,147)	(5,375,044)
Interest paid		(514,208)	(222,818)
Net cash flows (used in) from financing activities		(14,366,475)	10,981,918
Net (decrease) increase in cash and cash equivalents		(6,990,255)	15,158,101
Cash and cash equivalents at beginning of year		18,114,095	2,955,994
Cash and cash equivalents at end of year		$ 11,123,840	$ 18,114,095

The accompanying notes are an integral part of these parent company only financial statements.

FOXCONN TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

The Company was originally known as Q-RUN Technology Co., Ltd. and established on April 26, 1990. On March 1, 2004, the Company merged with Foxconn Precision Components Co., Ltd. and was renamed as Foxconn Technology Co., Ltd. The Company is primarily engaged in manufacturing, processing and sales of case, heat dissipation modules and consumer electronics products.

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

The accompanying parent company only financial statements were authorised for issuance by the Board of Directors on March 27, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, ‘Financial instruments’

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

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

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

B. IFRS 15, ‘Revenue from contracts with customers’ and amendments

(a) The Company has elected not to restate prior period financial statements when initially applying IFRS 15.

(b) Presentation of assets and liabilities in relation to contracts with customers

The Company will recognise revenue at the amount of consideration which the Company expects to be entitled. Revenue is not recognised for products that the Company expects to be returned. The Company recognises a refund liability and an asset, and the asset is presented separately from the refund liability.

(c) Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities, but were previously presented as accounts receivable -

allowance for sales returns and discounts in the balance sheet. The balance was $52,399 on January 1, 2018.

(d) Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

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

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

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

Effects on the Company’s financial condition and financial performance arising from the above standards and interpretations based on the Company’s assessment are as follows:

IFRS 16, ‘Leases’

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

The Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company intends not to restate the financial statements of prior period (referred herein as the “modified retrospective approach”). On January 1, 2019, it is expected that ‘right-of-use asset’ and lease liability will both be increased by $2,687, and there is no impact on retained earnings.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the accompanying parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stat ed.

(1) Compliance statement

The accompanying parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the accompanying parent company only financial statements have been prepared under the historical cost convention:

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

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

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

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

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

(3) Foreign currency translation

The accompanying parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

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

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

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

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

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

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

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

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale.

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

(4) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

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

Effective 2018

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

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

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

Effective 2018

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

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

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

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

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

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

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

(8) Financial assets at amortised cost

Effective 2018

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

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

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Operating leases (lessor)

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

(13) Inventories

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

(14) Investments accounted for under equity method / associates

A. Subsidiary is an entity where the Company has the right to dominate its finance and operation policies (includes special purpose entity), normally the Company owns more than 50 percent of the voting rights directly or indirectly in that entity. Subsidiaries are accounted for under the equity method in the Company's parent company only financial statements.

B. Unrealised gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognises proportionately for the share of profit and loss and other comprehensive incomes in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognise its shares in the subsidiary's loss proportionately.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

E. The Company's share of its investements' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. When changes in an associate's equity are not recognised in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

L. According to “Rules Governing the Preparations of Financial Statements by Securities Issuers”, 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall be equal to the equity attributable to owners of parent reported in that entity's consolidated financial statements.

(15) Property, plant and equipment

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

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

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

D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives for buildings and structures machinery and equipment and other equipment are 3~55 years, 1~10 years and 1~10 years, respectively.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 8 ~ 55 years.

(17) Impairment of non-financial assets

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

(18) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(19) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

C. Employees’ compensation, directors’ and supervisors’ remuneration

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

(24) Income tax

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

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

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

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

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

(25) Dividends

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

(26) Revenue recognition

A. The Company is primarily engaged in manufacturing and sales of consumer electronics products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

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

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

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

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

A. Revenue recognition

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services. Indicators that the Company controls the good or service before it is provided to a customer include the following:

The Company provides integrated electronics manufacturing services to meet the following criteria by judgment, and recognises revenue on a gross basis:

(a) The Company is primarily responsible for the provision of goods or services;

(b) The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

(c) The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2018, information on the carrying amount of inventories is provided in Note 6(6).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Checking accounts and demand deposits	$ 9,791,840	$ 6,589,095
Cash equivalents		
Time deposits	1,332,000	11,525,000
	$ 11,123,840	$ 18,114,095

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

B. The Company has no cash and cash equivalents pledged to others. Time deposits with maturity in excess of three months on December 31, 2018 and 2017 have been listed under "financial assets at amortised cost-current" and "other current assets", respectively.

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

Assets	December 31, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Derivatives	$ 567,640
Liabilities	
Current items:	
Financial liabilities mandatorily measured at fair value through profit or loss	
Derivatives	$ 39,992

A. For the year ended December 31, 2018, the Company recognised net profit of $769,013 (including unrealised gain on valuation of $573,619) on the financial assets and liabilities.

B. The Company entered into contracts relating to derivative financial assets or liabilities which were not accounted for under hedge accounting. The information is listed below:

Derivative instruments	December 31, 2018 Contract amount (Nominal Principal in thousands)		Contract period
Current items:			
Cross currency swap contracts	TWD (SELL)	4,443,720	2018/03~2019/03
	USD (BUY)	152,000	
Foreign exchange contracts	TWD (SELL)	1,900,275	2018/03~2019/03
	USD (BUY)	65,000	
	TWD (SELL)	2,186,925	2018/04~2019/04
	USD (BUY)	75,000	
	TWD (SELL)	7,708,750	2018/12~2019/01
	USD (BUY)	250,000	

(a) Cross currency swap contracts

The Company signed cross currency swap contracts aiming to satisfy capital requirement. In terms of exchange rate swaps, the principal in two currencies are exchanged at the beginning and the end of period to reduce exchange rate risk. In terms of rate swaps, the fixed interest rates of two currencies are exchanged to reduce interest rate risk.

(b) Foreign exchange contracts

The Company entered into foreign exchange contracts to satisfy capital requirement. The principal in two currencies are swapped using the same exchange rate at the beginning and the end of the period to reduce exchange rate risk.

C. The counterparties of derivative instruments held by the Company are all banks with good credit quality or financial institutions with investment grade credit ratings that are above A.

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

E. Information on December 31, 2017 is provided in Note 12(4).

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

Items	December 31, 2018
Non-current items:	
Equity instruments	$ 1,415,846

A. The Company has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. The Company recognised other comprehensive income of $375,409 for fair value change for the year ended December 31, 2018.

C. As of December 31, 2018, the Company has no financial assets at fair value through other comprehensive income pledged to others.

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

(4) Financial assets at amortised cost

Items	December 31, 2018
Current items:	
Time deposits with maturity in excess of three months	$ 500,000

A. As of December 31, 2018, the Company has no financial assets at amortised cost pledged to others.

B. The financial institutions of the Company's financial institutions are of good quality and the probability of default is expected to be very low.

C. Information on December 31, 2017 is provided in Notes 6(7) and 12(4).

(5) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Accounts receivable	$ 12,738,341	$ 14,133,011
Less: Allowance for bad debts	(3,938)	-
Less: Allowance for sales discounts	-	(52,399)
	$ 12,734,403	$ 14,080,612

A. The Company does not hold any collateral as security.

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

C. Information on the Company's expected volume discounts reclassified to refund liabilities (shown as "other current liabilities") under IFRS 15 is provided in Note 12(5).

(6) Inventories

	December 31, 2018	December 31, 2017
Finished goods	$ 284,890	$ 1,236,649
Less: Allowance for inventory obsolescence and market price decline	(15,729)	(15,729)
	$ 269,161	$ 1,220,920

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2018	2017
Cost of inventories sold	$ 88,948,243	$ 80,118,144

(7) Other current assets

	December 31, 2018	December 31, 2017
Time deposits with maturity over three months	$ -	$ 6,647,700
Others	15,407	4,718
	$ 15,407	$ 6,652,418

(8) Investments accounted for using equity method

Investees	December 31, 2018	December 31, 2017
Q-RUN HOLDINGS LTD.	$ 92,037,098	$ 124,455,611
FOXCONN PRECISION COMPONENTS HOLDING CO., LTD.	15,692,164	15,250,593
HUAZHUN INVESTMENT CO., LTD.	1,440,657	1,831,805
SYNTREND CREATIVE PARK CO., LTD.	286,222	303,284
	$ 109,456,141	$ 141,841,293

A. The Company's subsidiary:

(a) Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2018.

(b) The Company's investments in China through FOXCONN PRECISION COMPONENTS HOLDING CO., LTD. and Q-RUN HOLDINGS LTD. are based on the production and sales of computer components (computer radiators, magnesium alloys and computer components). Please refer to Note 13 for the disclosure of information on investments in China.

B. The Company’s associates:

The operating results of the Company’s share in all individually immaterial associates are summarized below:

	Years ended December 31,	
	2018	2017
Other comprehensive income, net of tax	($ 85,477)	($ 137,433)

C. The Company’s subsidiary, HUAZHUN INVESTMENT CO., LTD., issued cash dividends of $13,392 and $32,442 in October 2018 and October 2017, respectively, which resulted in the decrease of investments accounted for using equity method.

D. The Company’s share of profit of associates accounted for using equity method in 2018 and 2017 is $6,310,617 and $7,326,434, respectively.

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Others	Total
At January 1, 2018					
Cost	$ 51,850	$ 52,938	$ 83,626	$ 77,600	$ 266,014
Accumulated depreciation	-	(38,384)	(72,793)	(59,533)	(170,710)
	$ 51,850	$ 14,554	$ 10,833	$ 18,067	$ 95,304
2018					
Opening net book amount as at January 1	$ 51,850	$ 14,554	$ 10,833	$ 18,067	$ 95,304
Additions	-	-	80	1,461	1,541
Transfer	-	(1,189)	-	-	(1,189)
Disposals	-	-	(2,668)	-	(2,668)
Depreciation charge	-	(3,156)	(5,259)	(7,006)	(15,421)
Closing net book amount as at December 31	$ 51,850	$ 10,209	$ 2,986	$ 12,522	$ 77,567
At December 31, 2018					
Cost	$ 51,850	$ 51,749	$ 81,038	$ 79,061	$ 263,698
Accumulated depreciation	-	(41,540)	(78,052)	(66,539)	(186,131)
	$ 51,850	$ 10,209	$ 2,986	$ 12,522	$ 77,567

	Land	Buildings and structures	Machinery and equipment	Others	Total
At January 1, 2017					
Cost	$ 51,850	$ 54,630	$ 71,494	$ 76,585	$ 254,559
Accumulated depreciation	-	(33,190)	(71,306)	(52,267)	(156,763)
	$ 51,850	$ 21,440	$ 188	$ 24,318	$ 97,796
2017					
Opening net book amount as at January 1	$ 51,850	$ 21,440	$ 188	$ 24,318	$ 97,796
Additions	-	-	12,132	1,015	13,147
Transfer	-	(1,692)	-	-	(1,692)
Depreciation charge	-	(5,194)	(1,487)	(7,266)	(13,947)
Closing net book amount as at December 31	$ 51,850	$ 14,554	$ 10,833	$ 18,067	$ 95,304
At December 31, 2017					
Cost	$ 51,850	$ 52,938	$ 83,626	$ 77,600	$ 266,014
Accumulated depreciation	-	(38,384)	(72,793)	(59,533)	(170,710)
	$ 51,850	$ 14,554	$ 10,833	$ 18,067	$ 95,304

(10) Investment property

	Land	Buildings and structures	Total
At January 1, 2018			
Cost	$ 95,910	$ 69,816	$ 165,726
Accumulated depreciation and impairment	-	(38,339)	(38,339)
	$ 95,910	$ 31,477	$ 127,387
2018			
Opening net book amount as at January 1	$ 95,910	$ 31,477	$ 127,387
Transfer in	-	1,189	1,189
Depreciation charge	-	(1,297)	(1,297)
Closing net book amount as at December 31	$ 95,910	$ 31,369	$ 127,279
At December 31, 2018			
Cost	$ 95,910	$ 72,454	$ 168,364
Accumulated depreciation and impairment	-	(41,085)	(41,085)
	$ 95,910	$ 31,369	$ 127,279

	Land	Buildings and structures	Total
At January 1, 2017			
Cost	$ 95,910	$ 66,208	$ 162,118
Accumulated depreciation and impairment	-	(35,170)	(35,170)
	$ 95,910	$ 31,038	$ 126,948
2017			
Opening net book amount as at January 1	$ 95,910	$ 31,038	$ 126,948
Transfer in	-	1,692	1,692
Depreciation charge	-	(1,253)	(1,253)
Closing net book amount as at December 31	$ 95,910	$ 31,477	$ 127,387
At December 31, 2017			
Cost	$ 95,910	$ 69,816	$ 165,726
Net exchange differences	-	(38,339)	(38,339)
	$ 95,910	$ 31,477	$ 127,387

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

	Years ended December 31, 2018	2017
Rental income from investment property	$ 21,487	$ 20,805
Direct operating expenses arising from the investment property that generated rental income during the year	$ 1,297	$ 1,253

B. The fair value of the investment property held by the Company as at December 31, 2018 and 2017 was $783,686 and $313,507, respectively. Valuations were made using the income approach which is categorised within Level 3 in the fair value hierarchy.

(11) Short-term borrowings

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 13,689,160	0.69%~3.05563%	None

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 22,449,280	0.49%~2.0521%	None

(12) Other payables

	December 31, 2018	December 31, 2017
Employees' compensation payable	$ 1,398,777	$ 1,172,315
Payable for purchases made by parties on behalf of others	361,663	901,649
Awards and salaries payable	29,662	35,961
Others	310,137	77,528
	$ 2,100,239	$ 2,187,453

(13) Pensions

A. Defined benefit plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are as follows (shown as 'other non-current liabilities'):

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 51,634)	($ 55,950)
Fair value of plan assets	38,843	41,646
Net defined benefit liability	($ 12,791)	($ 14,304)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 55,950)	$ 41,646	($ 14,304)
Current service cost	(71)	-	(71)
Interest income	(699)	532	(167)
	(56,720)	42,178	(14,542)
Remeasurements			
Return on plan assets (Note)	-	1,154	1,154
Change in demographic assumptions	(121)	-	(121)
Change in financial assumptions	(604)	-	(604)
Experience adjustments	(522)	-	(522)
	(1,247)	1,154	(93)
Pension fund contribution	-	1,844	1,844
Paid pension	6,333	(6,333)	-
	6,333	(4,489)	1,844
Balance at December 31	($ 51,634)	$ 38,843	($ 12,791)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 48,357)	$ 41,711	($ 6,646)
Current service cost	(65)	-	(65)
Interest income	(665)	586	(79)
	(49,087)	42,297	(6,790)
Remeasurements			
Return on plan assets (Note)	-	(166)	(166)
Change in demographic assumptions	(127)	-	(127)
Change in financial assumptions	(636)	-	(636)
Experience adjustments	(10,937)	-	(10,937)
	(11,700)	(166)	(11,866)
Pension fund contribution	-	1,842	1,842
Paid pension	4,837	(2,327)	2,510
	4,837	(485)	4,352
Balance at December 31	($ 55,950)	$ 41,646	($ 14,304)

Note: The amount included in interest income or expense is excluded.

(d)The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the

"Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after approval by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2018	2017
Discount rate	1.125%	1.25%
Future salary increases	2.00%	2.00%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	$ 1,231	($ 1,272)	($ 1,225)	$ 1,191
December 31, 2017				
Effect on present value of defined benefit obligation	$ 1,294	($ 1,340)	($ 1,288)	$ 1,251

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2019 are $1,600.

B. Defined contribution plans

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

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2018 and 2017 were $11,076 and $11,230, respectively.

(14) Share capital

As of December 31, 2018, the Company's authorised capital was $15,000,000 (including subscription warrant or 50 million shares reserved for convertible bonds issued by the Company), outstanding ordinary shares were 1,414,485 thousand shares with a par value of $10 (in dollars) per share, and the paid-in capital was $14,144,852.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2018	2017
	Number of ordinary shares (in thousands)	Number of ordinary shares (in thousands)
At January 1 (December 31)	1,414,485	1,414,485

(15) Capital surplus

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

(16) Retained earnings

A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:

(a) Covering accumulated deficit;

(b) Setting aside as legal reserve equal to 10% of current year's net income after tax and distribution pursuant to clause (A);

(c) Setting aside a special reserve in accordance with applicable legal and regulatory requirements;

The remaining earnings along with the unappropriated earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with dividend policy, the proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

The Company is at the growing stage. The Company's stock dividend policy shall consider the Company's current and future investment environment, capital needs, local and foreign competition situation and capital budget, along with shareholders' profit and the Company's long-term financial plans. The shareholders' dividends are appropriated based on accumulated distributable earnings, which shall not be lower than 15% of the distributable earnings for the period and the cash dividends shall not be less than 10% of the shareholders' dividends.

B. According to related regulations, 10% of the balance of earnings after tax less the accumulated loss of prior years should be set aside as legal reserve, until such legal reserve amount reaches the total authorised capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

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

D. The appropriations of earnings for 2017 and 2016 had been resolved at the stockholders' meeting on June 22, 2018 and June 22, 2017, respectively. Details are summarised below:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 996,539	$ -	$ 1,072,111	$ -
Cash dividends	5,092,147	3.6	5,375,044	3.8
	$ 6,088,686	$ 3.6	$ 6,447,155	$ 3.8

The appropriations of earnings for 2018 has not yet been approved at the Board of Directors' meeting as of March 27, 2019. The information on distribution of earnings will be posted in the "Market Observation Post System" of the TSEC.

E. For the information relating to employees' compensation, please refer to Note 6(22).

(17) Other equity items

	Unrealised gain (loss) on financial asset at fair value through other comprehensive income	Unrealised gain (loss) on available-for-sale financial assets	Currency translation adjustments	Total
At January 1, 2018	$ -	$ 41,569,491	($ 2,586,289)	$ 38,983,202
Adjustments under new standards	41,569,491	(41,569,491)	-	-
Revaluation of fair value			-	
- Parent	(375,409)	-	-	(375,409)
- Subsidaries	(38,662,563)	-	-	(38,662,563)
Currency translation				
- Parent and subsidaries	-	-	8,278	8,278
At December 31, 2018	$ 2,531,519	$ -	($ 2,578,011)	($ 46,492)

	Unrealised gain (loss) on available-for-sale financial assets	Currency translation adjustments	Total
At January 1, 2017	$ 14,111,229	$ 1,580,117	$ 15,691,346
Revaluation of fair value			
- Parent	91,275	-	91,275
- Subsidaries	27,366,987	-	27,366,987
Currency translation differences:			
- Parent and subsidaries	-	(4,166,406)	(4,166,406)
At December 31, 2017	$ 41,569,491	($ 2,586,289)	$ 38,983,202

(18) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	$ 93,824,119

(19) Other income

	Years ended December 31, 2018	Years ended December 31, 2017
Interest income from bank deposits	$ 293,720	$ 181,804
Dividend income	106,424	21,543
Rental revenue	21,487	20,805
Others	87,062	239,115
	$ 508,693	$ 463,267

(20) Other gains and losses

	Years ended December 31, 2018	Years ended December 31, 2017
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	$ 769,013	($ 747,827)
Net currency exchange (losses) gains	(738,994)	304,086
Others	426	(1,471)
	$ 30,445	($ 445,212)

Information related to gain (losses) on financial assets at fair value through profit or loss is provided in Note 6(2).

(21) Expenses by nature

	Years ended December 31, 2018	Years ended December 31, 2017
Employee benefit expense	$ 988,242	$ 539,111
Depreciation (Note)	16,718	15,200
Amortisation	1,250	1,250
	$ 1,006,210	$ 555,561

Note: Including investment property

(22) Employee benefit expense

	Years ended December 31, 2018	Years ended December 31, 2017
Wages and salaries	$ 899,886	$ 461,858
Labor and health insurance fees	24,782	17,262
Pension costs	11,314	11,374
Other personnel expenses	52,260	48,617
	$ 988,242	$ 539,111

A. According to the Company's Articles of Incorporation, if the Company accrues profit (referring to profit before tax prior to deducting the appropriation for employees' compensation and directors' remuneration), 4%~6% should be appropriated as employees' compensation.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $666,180 and $457,835, respectively. The aforementioned amounts were recognised in salary expenses and share of profit of associates and joint ventures accounted for using equity method. For the year ended December 31, 2018, the employees' compensation was estimated and accrued based on 6% of profit of current year distributable as of the end of reporting period.

C. Employees' compensation for 2017 as resolved by the Board of Directors was in agreement with the amount recognised in the 2017 financial statements. In 2017, the employees' compensation was distributed in the form of cash amounting to $457,835.

D. Information about employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Components of income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax on profits for the year	$ 1,192,235	$ 1,026,341
Prior year income tax underestimation	122,525	9,666
Total current tax	1,314,760	1,036,007
Deferred tax:		
Impact of change in tax rate	94,573	-
Origination and reversal of temporary differences	(74,396)	(13,351)
Income tax expense	$ 1,334,937	$ 1,022,656

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 2,096,319	$ 1,867,967
Tax effects of unrecognised deferred tax assets	(1,365,165)	(1,282,149)
Impact of change in tax rate	94,573	-
Additional 10% tax on undistributed earnings	386,685	427,172
Prior year income tax underestimation	122,525	9,666
Income tax expenses	1,334,937	1,022,656
Origination and reversal of temporary differences	(20,177)	13,351
Prior year income tax overestimation	(2,525)	(9,666)
Prepaid income tax	(322,880)	(185,972)
Current income tax liabilities	$ 989,355	$ 840,369

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

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Reserve for inventory obsolescence	$ 2,674	$ 472	$ -	$ 3,146
Permanent loss on market value decline of long-term equity investments	13,789	2,433	-	16,222
Unused compensated absences for employees	2,747	105	-	2,852
Unrealised loss on financial instruments	7,815	(7,815)	-	-
Others	3,269	33,910	869	38,048
	$ 30,294	$ 29,105	$ 869	$ 60,268
Deferred tax liabilities:				
Foreign investment income using equity method	($ 498,863)	($ 6,278)	$ -	($ 505,141)
Unrealised valuation gain on financial instruments	-	(105,530)	-	(105,530)
Others	(62,526)	62,526	-	-
	($ 561,389)	($ 49,282)	$ -	($ 610,671)

	2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred tax assets:				
Reserve for inventory obsolescence	$ 2,674	$ -	$ -	$ 2,674
Permanent loss on market value decline of long-term equity investments	13,789	-	-	13,789
Unused compensated absences for employees	2,818	(71)	-	2,747
Unrealised loss on financial instruments	-	7,815	-	7,815
Others	8,144	(6,892)	2,017	3,269
	$ 27,425	$ 852	$ 2,017	$ 30,294
Deferred tax liabilities:				
Foreign investment income using equity method	($ 531,857)	$ 32,994	$ -	($ 498,863)
Unrealised valuation gain on financial instruments	(42,031)	42,031	-	-
Others	-	(62,526)	-	(62,526)
	($ 573,888)	$ 12,499	$ -	($ 561,389)

D. The Company did not recognise taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2018 and 2017, the temporary differences unrecognised as deferred tax liabilities were $87,657,473 and $116,426,043, respectively. Abovementioned taxable temporary differences arose from the differences between estimated carrying amounts of long-term investments in foreign subsidiaries and tax payable. The Company will not dispose the subsidiaries in the foreseeable future nor remit back earnings and thus, did not recognise deferred income tax liabilities.

E. The Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

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

(24) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 9,146,659	1,414,485	$ 6.47
Diluted earnings per share			
Net income	$ 9,146,659		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	13,146	
Net income plus assumed conversion of all dilutive potential ordinary shares	$ 9,146,659	1,427,631	$ 6.41

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 9,965,386	1,414,485	$ 7.05
Diluted earnings per share			
Net income	$ 9,965,386		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	6,807	
Net income plus assumed conversion of all dilutive potential ordinary shares	$ 9,965,386	1,421,292	$ 7.01

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Hon Hai Precision Industry Co., Ltd. and Subsidiaries (Hon Hai and Subsidiaries)	Entity with significant influence to the Company
Hongfujin Precision Electronics (Yantai) Co., Ltd.	〃
Pan-International Industrial Corporation	Other related party
Innolux Corporation	〃
Sharp-Roxy Sales (Singapore) Pte., Ltd.	〃
CyberTAN Technology, Inc.	〃

For the more information about the Company and other subsidiaries, please refer to Note 7.

(2) Significant related party transactions

A. Sales

	Years ended December 31,	
	2018	2017
Sales of goods and services:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	$ 2,675,632	$ 1,673,392
Subsidiaries	177,078	153,955
Other related parties	24,848	5,208
	$ 2,877,558	$ 1,832,555

Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days. For transactions involving the sale of raw materials to the aforementioned related party and subsequent repurchase of goods made from the same raw materials from the same party, the initial sale of raw materials is eliminated due to economic substance.

B. Management service revenue

	Years ended December 31,	
	2018	2017
Management service revenue:		
Subsidiaries	$ 148,541	$ 149,702

C. Purchases

	Years ended December 31,	
	2018	2017
Purchases of goods and services:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	$ 80,274,174	$ 74,043,087
Other related parties	3,505,819	2,067,375
Subsidiaries	3,175,037	1,767,577
	$ 86,955,030	$ 77,878,039

Except for circumstances in which there are no similar transactions for reference and the prices and payment terms are negotiated by both parties, the Company makes purchases from the aforementioned related party at the prevailing market price, with payment periods of 30 to 90 days.

D. Receivables from related parties

	December 31, 2018	December 31, 2017
Accounts receivable:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	$ 502,096	$ 1,266,282
Subsidiaries	469,451	68,337
Other related parties	2,955	2,172
	974,502	1,336,791
Less: Allowance for uncollectible accounts	(154)	-
	$ 974,348	$ 1,336,791

The receivables from related parties arise mainly from sales transactions. The amount is due three months after the invoice date. The receivables are unsecured and non-interest bearing. No allowance for doubtful debts was provided against receivables from related parties.

E. Payables to related parties

	December 31, 2018	December 31, 2017
Accounts payable:		
Entities with significant influence to the Company		
-Hon Hai and Subsidiaries	$ 14,946,070	$ 23,245,703
Subsidiaries	3,984,399	1,198,116
Other related parties	416,870	462,564
	19,347,339	24,906,383

The payables to related parties arise mainly from purchase transactions and are made at arm's-length, non-interest bearing and payable within 30~90 days.

F. Raw materials purchased on behalf of others

	Years ended December 31,	
	2018	2017
Raw materials purchased on behalf of others		
Entities with significant influence to the Company	$ 26,887,244	$ 27,973,506

	December 31, 2018	December 31, 2017
Receivable for raw materials purchased on behalf of others		
Entities with significant influence to the Company	$ 358,273	$ 901,649

(3) Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 51,363	$ 22,872
Post-employment benefits	495	514
Share-based payments	24,818	23,985
	$ 76,676	$ 47,371

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Operating lease commitments:

The future aggregate minimum lease payments for operating lease commitments of leasing dormitory are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 753	$ 3,497
Later than one year but not later than five years	2,256	7,555
	$ 3,009	$ 11,052

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to operate with the goal to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total is calculated as "equity" as shown in the consolidated balance sheet less total intangible assets capital.

During 2018, the Company's strategy, which was unchanged from 2017, was to maintain the gearing ratio below 70%.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss	$ 567,640	$ 1,446
Financial assets at fair value through comprehensive income	1,415,846	-
Available-for-sale financial assets	-	1,791,255
Financial assets at amortised cost	25,712,708	34,543,487
	$ 27,696,194	$ 36,336,188
Financial liabilities		
Financial liabilities at fair value through profit or loss	$ 39,992	$ 47,417
Financial liabilities at amortised cost	36,462,274	50,332,045
	$ 36,502,266	$ 50,379,462

Note: Financial assets at amortised cost included cash, accounts receivable, accounts receivable due from related parties and other receivables; financial liabilities at amortised cost included short-term borrowings, accounts payable, accounts payable to related parties and other payables.

B. Risk management policies

(a) Risk categories

The Company employs a comprehensive financial risk management and control system to clearly identify, measure and control the various kinds of financial risk it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Management objectives:

i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risks can be controlled internally or removed from business processes. Therefore, the goal in managing each of these risks is to reduce them to zero.

ii. As for market risk, the goal is to optimize its overall position through strict analysis, suggestion, execution and audit processes, and proper consideration of a) long-term trends in the external economic/financial environment, b) internal operating conditions, and c) the actual effects of market fluctuations.

iii. The Company's overall risk management policy focuses on the unpredictable items in financial markets and seeks to reduce the risk that potentially pose adverse effects on the Company's financial position and financial performance.

iv. For the information on the derivative financial instruments that the Company enters into, please refer to Note 6(2).

(c) Management system:

i. Risk management is executed by the Company's finance department by following policies approved by the Board. Through cooperation with the Company's operating units, finance department is responsible for identifying, evaluating and hedging financial risks.

ii. The Board has a written policy covering overall risk management. It also has written policies covering specific issues, such as exchange rate risk, interest rate risk, credit risk, derivative and non-derivative financial instruments used, and the investment of excess working capital.

C. Significant financial risks and degrees of financial risks

(a) Market risk

<u>Foreign exchange risk</u>

i. Nature:

The Company is a multinational group in the Electronic manufacturing services industry. Most of the exchange rate risk from operating activities comes from:

(i) Foreign exchange risk arises from different exchange rates to functional currency as the invoice dates of accounts receivable and payable denominated in non-functional foreign currency are different. Because the amount after the assets and liabilities are offset is insignificant, income/loss is insignificant as well. (Note: The Company has several sites in various countries and thus is exposed to various foreign exchange risks. The main risk arises from USD and RMB.)

(ii) Changes in exchange rates of functional currencies to presentation currency at different timing will cause another foreign exchange risk.

(iii) Except for the above transactions (operating activities) recognised in the income statement, assets and liabilities recognised in the balance sheet and the net investment in foreign operations also result in the exchange rate risk.

ii. Management:

(i) For such risks, the Company has set up policies requiring the Company to manage its exchange rate risks.

(ii) As to the exchange rate risk arising from the difference between various functional currencies and the reporting currency in the parent company only financial statements, it is managed by the Company's finance department.

iii. Sources of risk:

U.S. dollars and NT dollars:

Foreign exchange risk arises primarily from gains or losses from translating U.S. dollar-denominated assets, such as cash, cash equivalents, accounts receivable, other receivables and time deposits mature in excess of three months, and U.S. dollar-denominated liabilities, such as loans, accounts payable and other payables, into New Taiwan dollars.

iv. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018				
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD：NTD	512,724	30.72	$15,750,881	1%	$ 157,509
Non-monetary items					
Foreign operations					
USD：NTD	3,506,812	30.72	107,729,262		
Financial liabilities					
Monetary items					
USD：NTD	779,846	30.72	23,956,869	1%	239,569

	December 31, 2017				
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD：NTD	1,329,814	29.76	$39,575,265	1%	$ 395,753
Non-monetary items					
Foreign operations					
USD：NTD	4,694,429	29.76	139,706,204		
Financial liabilities					
Monetary items					
USD：NTD	1,421,975	29.76	42,317,976	1%	423,180

v. Total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017 amounted to ($738,994) and $304,086, respectively.

Price risk

i. Nature

The Company primarily invests in domestic and foreign publicly traded and unlisted equity instruments, which are accounted for as financial assets at fair value through other comprehensive income and available-for-sale financial assets. The price of those equity instruments will be affected by the uncertainty of the future value of the investment.

ii. Extent

If the price of such equity instrument rises or falls by 1%, with all other factors held constant, the impact on other comprehensive income due to equity instruments measured at fair value through other comprehensive income and available-for-sale equity instruments are \$14,158 and \$17,913, respectively, for the years ended December 31, 2018 and 2017.

<u>Cash flow and fair value interest rate risk</u>

The Company's interest rate risk arises from short-term loans. Short-term loans with floating rates expose the Company to cash flow interest rate risk, but most of the risks are offset by cash and cash equivalents with variable interest rates.

If short-term loans interest rates rise or fall by 1%, with all other factors held constant, profit after tax would decrease/increase by \$109,513 and \$186,329 for the years ended December 31, 2018 and 2017, respectively.

(b) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments.

i. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Company assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management.

   Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments, deposits and short-term investments with banks and financial institutions, and other financial instruments. The counterparties are banks with good credit quality, financial institutions with investment grade credit ratings and government agencies, so there is no significant default concerns and credit risk.

ii. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

   (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;

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

   (iii) Default or delinquency in interest or principal repayments;

   (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

iv. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2018	December 31, 2017
Not past due	$ 11,332,370	$ 15,277,115
0 to 90 days	2,380,346	139,839
91 to 180 days	-	109
181 to 270 days	-	-
271 to 360 days	127	-
Over 361 days	-	340
	$ 13,712,843	$ 15,417,403

The above ageing analysis was based on past due date.

v. The Company assesses the expected credit losses of accounts receivable (including those from related parties) as follows:

(i) Accounts receivable are divided into segments according to the Company's credit rating standards; expected credit losses for each segment are assessed based on the specific loss rate or provision matrix for the segment.

(ii) Loss rates are calculated based on past and current information, taking into account forward-looking information provided by the Business Indicators Database of the National Development Council and the Basel Committee on Banking Supervision.

(iii) As of December 31, 2018, the loss allowance for accounts receivable (including those from related parties), assessed using loss rate or provision matrix, is as follows:

	Group 1	Group 2	Group 3	Group 4	Total
December 31, 2018					
Expected loss rate	0.03%	0.03%	0.07%	0%~1%	
Total book value	$12,914,823	$ 438,719	$ 309,323	$ 49,978	$13,712,843
Allowance for uncollectible accounts	$ 3,744	$ 132	$ 216	$ -	$ 4,092

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.

vi. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	Year ended December 31, 2018
At January 1_IAS 39	$ -
Adjustments under new standards	4,979
At January 1_IFRS 9	4,979
Gain on reversal of expected credit impairment loss	(887)
Effect of foreign exchange	-
At December 31	$ 4,092

vii. Credit risk information for 2017 is provided in Note 12(4).

(c) Liquidity risk

i. Cash flow forecasting is performed by each of the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

ii. The Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

As of December 31, 2018 and 2017, the Company's non-derivative financial liabilities (including short-term borrowings, accounts payable and other payables) and derivative financial liabilities (including foreign exchange contracts, cross currency swap contracts and forward foreign exchange contracts) will expire within 1 year.

(3) Fair value estimation

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

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

(a) The related information of the nature of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 567,640	$ -	$ 567,640
Financial assets at fair value through other comprehensive income				
Equity instruments	$ 1,415,846	$ -	$ -	$ 1,415,846
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 39,992	$ -	$ 39,992

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 1,446	$ -	$ 1,446
Available-for-sale financial assets				
Equity instruments	$1,791,255	$ -	$ -	$ 1,791,255
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 47,417	$ -	$ 47,417

(b) The methods and assumptions the Company used to measure fair value are as follows:

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

	Listed shares
Market quoted price	Closing price

ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 1 to Level 2.

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

(4) Effects on initial application of IFRS 9

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

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

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

(i) Hybrid (combined) contracts; or

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

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

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

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

(b) Available-for-sale financial assets

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

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

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

(c) Loans and receivables

i. Accounts receivable

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

ii. Investments in debt instruments without active markets

(i) Investments in debt instruments without active markets are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:

a. Not designated on initial recognition as at fair value through profit or loss;

b. Not designated on initial recognition as available-for-sale;

c. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(ii) On a regular way purchase or sale basis, investments in debt instrument without active market are recognised and derecognised using trade date accounting.

(iii) They are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(d) Impairment of financial assets

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

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

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

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

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

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

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

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

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

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

(i) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Available-for-sale financial assets

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

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, IFRS 9, were as follows:

IFRS 9 \ IAS 39	Available-for-sale-equity	Other current assets	Total
Transferred into and measured at fair value through other comprehensive income-equity	$ 1,791,255	$ -	$ 1,791,255
Transferred into and measured at amortised cost	-	6,647,700	6,647,700

(a) Under IAS 39, because the equity instruments, which were classified as available-for-sale financial assets amounting to $1,791,255, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" amounting to $1,791,255 on initial application of IFRS 9.

(c) Under IAS 39, capital guarantee financial products and time deposits with maturity in excess of three months which were classified as “other current assets” amounting to $6,647,700, were reclassified as “financial assets at amortised cost” amounting to $6,647,700 in accordance with IFRS 9.

(d) Information relating to credit risk of allowance for impairment from December 31, 2017, as these are impaired under IAS 39, to January 1, 2018, as these are expected to be impaired under IFRS 9, is provided in Note 12(2) C (b).

C. The significant accounts as of December 31, 2017 are as follows:

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

	December 31, 2017
Assets	
Current items:	
Cross currency swap contracts	$ 1,446

	December 31, 2017
Liabilities	
Current items:	
Foreign exchange contracts	$ 39,168
Cross currency swap contracts	8,249
	$ 47,417

i. Due to the financial assets and liabilities recognised above for the year ended December 31, 2017, the Group recognised net loss of $747,827 (including unrealised loss on valuation of $293,209).

ii. The counterparties of the Group’s investments in derivatives are banks with good credit quality or financial institutions with investment grade or above, and their credit ratings are all above “A” category.

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

Derivative Financial Assets	December 31, 2017 Contract amount (Nominal Principal in thousands)		Contract period
Current items:			
Foreign exchange contracts	TWD (sell)	6,432,294	2017/09~2018/04
	USD (buy)	216,126	
	TWD (sell)	8,438,526	2017/09~2018/03
	USD (buy)	282,000	
Cross currency swap contracts	TWD (sell)	1,204,000	2017/09~2018/03
	USD (buy)	40,000	

(i) Cross currency swap contracts

The Company signed cross currency swap contracts aiming to satisfy capital requirement. In terms of exchange rate swaps, the principal in two currencies are exchanged at the beginning and the end of period to reduce exchange rate risk. In terms of rate swaps, the fixed interest rates of two currencies are exchanged to reduce interest rate risk.

(ii) Foreign exchange contracts

The Company entered into foreign exchange contracs to satisfy capital requirement. The principal in two currencies are swapped using the same exchange rate at the beginning and the end of the period to reduce exchange rate risk.

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

(b) Available-for-sale financial assets

Items	December 31, 2017
Non-current items:	
Listed and emerging stocks	$ 1,393,043
Adjustment of available-for-sale financial assets	398,212
	$ 1,791,255

i. The Company recognised net loss or gain in other comprehensive income for fair value change for the year ended December 31, 2017. Please refer to Note 6(16) for details.

ii. The Company has no available-for-sale financial assets pledged to others.

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

(a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments.

i. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Company assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management.

ii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments. The counterparties are banks with good credit quality and financial institutions with investment grade or above and government agencies, so there is no significant compliance concerns and credit risk.

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

(c) The credit quality information of accounts receivable (including related parties) that are neither past due nor impaired is in the following categories based on the Company's Credit Quality Control Policy:

	December 31, 2017
Group 1	$ 14,956,363
Group 2	198,623
Group 3	74,573
Group 4	99,955
	$ 15,329,514

Group 1: Standard Poor's, Fitch's, or Moody's rating of A-level, or rated as A-level in accordance with the Group's credit policies for those that have no external credit ratings.

Group 2: Standard Poor's or Fitch's rating of BBB, Moody's rating of Baa, or rated as B or C in accordance with the Group's credit policies for those that have no external credit ratings.

Group 3: Standard Poor's or Fitch's rating of BB + and below, or Moody's rating of Ba1 and below.

Group 4: Rated as other than A, B, or C in accordance with the Group's credit policies for those that have no external credit ratings.

(d) The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2017
Up to 30 days	$ 77,973
31 to 90 days	61,866
91 to 180 days	109
181 to 360 days	340
	$ 140,288

(5) Effects on initial application of IFRS 15

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

The Company manufactures and sells 3C products. Revenue is measured at the fair value of the consideration received or receivable, taking into account business tax or value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The revenue recognised by using above accounting policies for 2017 are as follows:

	Year ended December 31, 2017
3C products (Including components and related electronic products)	$ 84,414,971

C. The effects and description of current balance sheet and comprehensive income statement if the Group continues adopting above accounting policies for the year ended December 31, 2018 are as follows:

	December 31, 2018		
Balance sheet items	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy
Accounts receivable, net	$ 12,734,403	$ 12,682,004	$ 52,399
Other current liabilities	(84,419)	(32,020)	(52,399)

Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities (shown as other current liabilities), but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet.

13. SEGMENT INFORMATION

(1) Significant transactions information

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

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

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

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

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

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

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

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

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2), 6(19) and 12(3).

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

14. SEGMENT INFORMATION

None.

Foxconn Technology Co., Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2018

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2018	Balance at December 31, 2018	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Note
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Qingdao Hiyn Materials Co., Ltd.	Other receivables	Y	$ 692,714	$ 661,353	$ 661,353	4.35000%	Short-term financing	$ -	Business operation	$ -	None	$ -	$ 3,969,488	$ 15,877,951	Note 1
2	Fu Rui Precision Components (Kunshan) Co., Ltd.	Fu Yu Precision Components (Kunshan) Co., Ltd.	Other receivables	Y	462,970	-	-	-	Short-term financing	-	Business operation	-	None	-	29,853,499	59,706,999	Note 2
3	Q-Run Holdings Ltd.	YanTai Fuzhun Precision Electronics Co., Ltd.	Other receivables	Y	619,700	615,720	615,720	2.66513%	Short-term financing	-	Business operation	-	None	-	29,853,499	59,706,999	Note 2

Note 1: For short-term borrowings, limit on loans granted for a single party is 10% of the lending company’s net assets and ceiling on total loans is 40% of the Company’s net assets based on the latest audited or reviewed financial statements.
Note 2: Limit on loans granted for a single foreign company whose voting rights are 100% owned directly and indirectly by the Company is 30% of the Company’s net assets and 60% for ceiling on total loans.

Foxconn Technology Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2018				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Note
Foxconn Technology Co., Ltd.	Common stock of CyberTAN Technology Inc.	None	Financial assets at fair value through other comprehensive income - non-current	10,035,348	$ 154,544	3.05	$ 154,544	
″	Common stock of Pan-International Industrial Corp.	″	″	1,079,986	21,438	0.21	21,438	
″	Common stock of Innolux Corporation	″	″	127,556,349	1,239,847	1.28	1,239,847	
″	Common stock of Advanced Optoelectronic Technology, Inc.	″	″	1,000	17	-	17	
Huazhun Investment Co., Ltd.	Common stock of Innolux Corporation	″	″	121,036,800	1,176,478	1.22	1,176,478	
″	Common stock of Advanced Optoelectronic Technology, Inc.	″	″	7,672,000	128,890	5.13	128,890	
Q-Run Holdings Ltd.	Common stock of China Harmony Auto Holding Ltd.	″	″	38,452,340	450,618	2.51	450,618	
Foxconn Technology Pte. Ltd.	Common stock of Sharp Corporation	″	″	64,640,000	19,913,406	12.14	19,913,406	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2061）RMB public structured deposits	″	Financial assets at amortised cost - current	-	2,236,400	-	2,236,400	
″	Shanghai Pudong Development Bank for Liduoduo（18JG2060）RMB public structured deposits	″	″	-	1,341,840	-	1,341,840	
″	Shanghai Pudong Development Bank for Liduoduo（18JG2704）RMB public structured deposits	″	″	-	1,341,840	-	1,341,840	
″	Shanghai Pudong Development Bank for Liduoduo（18JG2675）RMB public structured deposits	″	″	-	2,236,400	-	2,236,400	
″	Yun Tong Fortune Increasing Profits 32 Days Financial Products	″	″	-	2,236,400	-	2,236,400	
″	Yun Tong Fortune Increasing Profits 33 Days Financial Products	″	″	-	2,236,400	-	2,236,400	
″	Yun Tong Fortune Increasing Profits 34 Days Financial Products	″	″	-	2,236,400	-	2,236,400	
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo（18JG2528）RMB public structured deposits	″	″	-	581,464	-	581,464	
″	Liduoduo（18JG2723）RMB public structured deposits	″	″	-	1,568,699	-	1,568,699	
Fu Rui Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2621）RMB public structured deposits	″	″	-	1,120,768	-	1,120,768	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	″	Financial assets at amortised cost - non-current	-	1,565,480	-	1,565,480	
″	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	″	″	-	2,236,400	-	2,236,400	
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	″	″	-	1,565,519	-	1,565,519	

Foxconn Technology Co., Ltd. and Subsidiaries

Aggregate purchases or sale of the same securities reaching $300 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2018		Addition		Disposal				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Q-RUN HOLDING LTD.	Q-RUN FAR EAST CORP.	Note 1	Q-RUN HOLDING LTD.	Subsidiary	1,013,973	USD 1,013,973 thousand	38,100	USD 38,100 thousand	-	-	-	-	1,052,073	USD1,052,073 thousand
Q-RUN HOLDING LTD.	WORLD TRADE TRADING LTD.	Note 1	WORLD TRADE TRADING LTD.	〃	-	-	38,100	USD 38,100 thousand	-	-	-	-	38,100	USD 38,100 thousand
Q-RUN HOLDING LTD.	FE HOLDINGS USA, INC	Note 1	FE HOLDINGS USA, INC	None	-	-	80,400	USD 80,400 thousand	-	-	-	-	80,400	USD 80,400 thousand
Q-RUN HOLDING LTD.	IDG Energy Investment Limited	Note 1	IDG Energy Investment Limited	〃	-	-	297,000	HKD 297,000 thousand	-	-	-	-	297,000	HKD 297,000 thousand
Q-RUN HOLDING LTD.	IDG Energy Investment Limited	Note 1	〃	〃	-	-	297,000	HKD 297,000 thousand	-	-	-	-	297,000	HKD 297,000 thousand
FOXCONN TECHNOLOGY PTE. LTD.	IDG Energy Investment Limited	Note 1	〃	〃	-	-	297,000	HKD 297,000 thousand	-	-	-	-	297,000	HKD 297,000 thousand
HIGH TEMPO INTERNATIONAL LTD.	IDG Energy Investment Limited	Note 1	〃	〃	-	-	297,000	HKD 297,000 thousand	-	-	-	-	297,000	HKD 297,000 thousand
WORLD TRADE TRADING LTD.	IDG Energy Investment Limited	Note 1	〃	〃	-	-	297,000	HKD 297,000 thousand	-	-	-	-	297,000	HKD 297,000 thousand
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Champ Tech Optical (Foshan) Corporation	Note 1	Function Well Limited	Subsidiary	-	-	225,291	RMB 642,993 thousand	-	-	-	-	225,291	RMB 636,852 thousand
Fu Yu Precision Components (Kunshan) Co., Ltd.	Champ Tech Optical (Foshan) Corporation	Note 1	Function Well Limited	Subsidiary	-	-	121,310	RMB 346,227 thousand	-	-	-	-	121,310	RMB 342,920 thousand
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle)(WG17151S) financial products	Note 2	Bank of Shanghai	None	-	RMB 450,000 thousand	-	-	-	RMB 454,242 thousand	RMB 450,000 thousand	RMB 4,242 thousand	-	-
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle)(WG18028S) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 280,000 thousand	-	RMB 282,126 thousand	RMB 280,000 thousand	RMB 2,126 thousand	-	-
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG18054S) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 490,000 thousand	-	RMB 493,679 thousand	RMB 490,000 thousand	RMB 3,679 thousand	-	-
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG18067S) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 500,000 thousand	-	RMB 201,461 thousand	RMB 500,000 thousand	RMB 1,726 thousand	-	-

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2018		Addition		Disposal				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Agricultural Bank of China "Ben Li Feng" Targeted (BFDG180170) RMB Wealth Managements Products	Note 2	Agricultural Bank of China	〃	-	-	-	RMB 200,000 thousand	-	RMB 501,727 thousand	RMB 200,000 thousand	RMB 1,461 thousand	-	-
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	Note 3	Guangdong Yuecai Intrust & Investment Company	〃	-	RMB 500,000 thousand	-	-	-	RMB 164,780 thousand	RMB 150,000 thousand	RMB 14,780 thousand	-	RMB 350,000 thousand
Fuhuigang Industrial (Shenzhen) Co., Ltd.	RMB Continuous Serial Deposits Financial Products	Note 2	Bank of China	〃	-	RMB 65,000 thousand	-	-	-	RMB 65,415 thousand	RMB 65,000 thousand	RMB 415 thousand	-	-
Fuhuigang Industrial (Shenzhen) Co., Ltd.	RMB Continuous Serial Deposits Financial Products	Note 2	Bank of China	〃	-	-	-	RMB 64,000 thousand	-	RMB 64,477 thousand	RMB 64,000 thousand	RMB 477 thousand	-	-
Fuhuigang Industrial (Shenzhen) Co., Ltd.	RMB Continuous Serial Deposits Financial Products	Note 2	Bank of China	〃	-	-	-	RMB 64,000 thousand	-	RMB 64,423 thousand	RMB 64,000 thousand	RMB 423 thousand	-	-
Fuhuigang Industrial (Shenzhen) Co., Ltd.	RMB Continuous Serial Deposits Financial Products	Note 2	Bank of China	〃	-	-	-	RMB 64,000 thousand	-	RMB 64,423 thousand	RMB 64,000 thousand	RMB 423 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo Huizhi 28 Days Financial Products	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 60,000 thousand	-	RMB 60,189 thousand	RMB 60,000 thousand	RMB 189 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo RMB public structured deposits in 2018 JG470 period	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 250,000 thousand	-	RMB 250,947 thousand	RMB 250,000 thousand	RMB 947 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo（18JG2184） RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 250,000 thousand	-	RMB 250,833 thousand	RMB 250,000 thousand	RMB 833 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo（18JG2466） RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 120,000 thousand	-	RMB 120,400 thousand	RMB 120,000 thousand	RMB 400 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Yun Tong Fortune Increasing Profits 32 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 300,000 thousand	-	RMB 301,236 thousand	RMB 300,000 thousand	RMB 1,236 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Yun Tong Fortune Increasing Profits 33 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 100,000 thousand	-	RMB 100,411 thousand	RMB 100,000 thousand	RMB 411 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Yun Tong Fortune Increasing Profits 32 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 50,000 thousand	-	RMB 50,202 thousand	RMB 50,000 thousand	RMB 202 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Yun Tong Fortune Increasing Profits 33 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 100,000 thousand	-	RMB 100,398 thousand	RMB 100,000 thousand	RMB 398 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Yun Tong Fortune Increasing Profits 33 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 300,000 thousand	-	RMB 301,180 thousand	RMB 300,000 thousand	RMB 1,180 thousand	-	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liduoduo（18JG2528） RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 130,000 thousand	-	-	-	-	-	RMB 130,431 thousand

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2018		Addition		Disposal				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Liuduoduo（18JG2723） RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 350,000 thousand	-	-	-	-	-	RMB 350,196 thousand
Fu Rui Precision Components (Kunshan) Co., Ltd	Yun Tong Fortune Increasing Profits 40 Days Financial Products	Note 2	Bank of Communications	〃	-	RMB 110,000 thousand	-	-	-	RMB 110,579 thousand	RMB 110,000 thousand	RMB 579 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Yun Tong Fortune Increasing Profits 67 Days Financial Products	Note 2	Bank of Communications	〃	-	RMB 130,000 thousand	-	-	-	RMB 131,145 thousand	RMB 130,000 thousand	RMB 1,145 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Yun Tong Fortune Increasing Profits 40 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 130,000 thousand	-	RMB 130,670 thousand	RMB 130,000 thousand	RMB 670 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Yun Tong Fortune Increasing Profits 48 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 35,000 thousand	-	RMB 35,221 thousand	RMB 35,000 thousand	RMB 221 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Yun Tong Fortune Increasing Profits 90 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 250,000 thousand	-	RMB 253,021 thousand	RMB 250,000 thousand	RMB 3,021 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Yun Tong Fortune Increasing Profits 90 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 100,000 thousand	-	RMB 101,171 thousand	RMB 100,000 thousand	RMB 1,171 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Yun Tong Fortune Increasing Profits 90 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 250,000 thousand	-	RMB 252,651 thousand	RMB 250,000 thousand	RMB 2,651 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liuduoduo（18JG2161） RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 250,000 thousand	-	RMB 251,172 thousand	RMB 250,000 thousand	RMB 1,172 thousand	-	-
Fu Rui Precision Components (Kunshan) Co., Ltd	Shanghai Pudong Development Bank for Liuduoduo（18JG2621） RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 250,000 thousand	-	-	-	-	-	RMB 250,604 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG17144SA) financial products	Note 2	Bank of Shanghai	〃	-	RMB 500,000 thousand	-	-	-	RMB 502,047 thousand	RMB 500,000 thousand	RMB 2,047 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 35 Days Financial Products	Note 2	Bank of Communications	〃	-	RMB 200,000 thousand	-	-	-	RMB 200,786 thousand	RMB 200,000 thousand	RMB 786 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG17144SB) financial products	Note 2	Bank of Shanghai	〃	-	RMB 400,000 thousand	-	-	-	RMB 401,637 thousand	RMB 400,000 thousand	RMB 1,637 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG17145SA) financial products	Note 2	Bank of Shanghai	〃	-	RMB 500,000 thousand	-	-	-	RMB 501,990 thousand	RMB 500,000 thousand	RMB 1,990 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG17145SB) financial products	Note 2	Bank of Shanghai	〃	-	RMB 400,000 thousand	-	-	-	RMB 401,592 thousand	RMB 400,000 thousand	RMB 1,592 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG18020SA) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 500,000 thousand	-	RMB 501,938 thousand	RMB 500,000 thousand	RMB 1,938 thousand	-	-

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2018		Addition		Disposal				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) WG18032SA) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,182 thousand	RMB 500,000 thousand	RMB 2,182 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG18049SA) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,356 thousand	RMB 500,000 thousand	RMB 2,356 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG18049SB) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,356 thousand	RMB 500,000 thousand	RMB 2,356 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle)(WG18061SB) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,030 thousand	RMB 500,000 thousand	RMB 2,030 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle)(WG18061SA) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,030 thousand	RMB 500,000 thousand	RMB 2,030 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG18068S) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 300,000 thousand	-	RMB 302,071 thousand	RMB 300,000 thousand	RMB 2,071 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 35 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,182 thousand	RMB 500,000 thousand	RMB 2,182 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 36 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 300,000 thousand	-	RMB 301,287 thousand	RMB 300,000 thousand	RMB 1,287 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 40 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 400,000 thousand	-	RMB 401,907 thousand	RMB 400,000 thousand	RMB 1,907 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 46 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,458 thousand	RMB 500,000 thousand	RMB 2,458 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 49 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,618 thousand	RMB 500,000 thousand	RMB 2,618 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 54 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand	-	RMB 502,885 thousand	RMB 500,000 thousand	RMB 2,885 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 62 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand	-	RMB 503,567 thousand	RMB 500,000 thousand	RMB 3,567 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 67 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand	-	RMB 503,304 thousand	RMB 500,000 thousand	RMB 3,304 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Guangdong Finance Trust - Peng Yun Tian Hua Collection Fund Trust	Note 3	Guangdong Yuecai Intrust & Investment Company	〃	-	RMB 500,000 thousand	-	RMB 500,000 thousand	-	RMB 173,356 thousand	RMB 150,000 thousand	RMB23,356 thousand	-	RMB 850,000 thousand

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2018		Addition		Disposal				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Industrial Bank "Golden Snowball-selected" 2018 9th Guaranteed return Closed-end	Note 2	Industrial Bank	〃	-	-	-	RMB 500,000 thousand	-	RMB 503,593 thousand	RMB 500,000 thousand	RMB 3,593 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Industrial Bank "Golden Snowball-selected" 2018 9th Guaranteed return Closed-end	Note 2	Industrial Bank	〃	-	-	-	RMB 500,000 thousand	-	RMB 503,593 thousand	RMB 500,000 thousand	RMB 3,593 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Wealth Bus No. 3	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 500,000 thousand	-	RMB 505,610 thousand	RMB 500,000 thousand	RMB 5,610 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Wealth Bus No. 2	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 500,000 thousand	-	RMB 503,411 thousand	RMB 500,000 thousand	RMB 3,411 thousand	-	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG18074S) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 500,000 thousand		RMB 503,279 thousand	RMB 500,000 thousand	RMB 3,279 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Bank of Shanghai for "Winer" currency and bonds series (bit by bit make a mickle) (WG18077S) financial products	Note 2	Bank of Shanghai	〃	-	-	-	RMB 300,000 thousand		RMB 301,812 thousand	RMB 300,000 thousand	RMB 1,812 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Industrial Bank "Golden Snowball-selected" 2018 8th Guaranteed return Closed-end	Note 2	Industrial Bank	〃	-	-	-	RMB 500,000 thousand		RMB 505,293 thousand	RMB 500,000 thousand	RMB 5,293 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Industrial Bank "Golden Snowball-selected" 2018 8th Guaranteed return Closed-end	Note 2	Industrial Bank	〃	-	-	-	RMB 500,000 thousand		RMB 505,293 thousand	RMB 500,000 thousand	RMB 5,293 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2081）RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 500,000 thousand		RMB 501,658 thousand	RMB 500,000 thousand	RMB 1,658 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2016）RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 400,000 thousand		RMB 401,497 thousand	RMB 400,000 thousand	RMB 1,497 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2017）RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 500,000 thousand		RMB 503,470 thousand	RMB 500,000 thousand	RMB 3,470 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2059）RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 300,000 thousand		RMB 301,975 thousand	RMB 300,000 thousand	RMB 1,975 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2424）RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 500,000 thousand		RMB 501,794 thousand	RMB 500,000 thousand	RMB 1,794 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2435）RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 500,000 thousand		RMB 501,742 thousand	RMB 500,000 thousand	RMB 1,742 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2425）RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 500,000 thousand		RMB 501,874 thousand	RMB 500,000 thousand	RMB 1,847 thousand		-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo（18JG2061）RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 500,000 thousand		-	-	-		RMB 504,315 thousand

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2018		Addition		Disposal				Balance as at December 31, 2018	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (18JG2060) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 300,000 thousand		-	-	-		RMB 302,558 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (18JG2704) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 300,000 thousand		-	-	-		RMB 300,395 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Shanghai Pudong Development Bank for Liduoduo (18JG2675) RMB public structured deposits	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 300,000 thousand		-	-	-		RMB 500,666 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 32 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand		-	-	-		RMB 500,284 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 33 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand		-	-	-		RMB 500,284 thousand
Hon Fujin Precision Industry (Taiyuan) Co., Ltd	Yun Tong Fortune Increasing Profits 34 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 500,000 thousand		-	-	-		RMB 500,284 thousand
Fu Yu Precision Components (Kunshan) Co., Ltd.	Yun Tong Fortune Increasing Profits 48 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 60,000 thousand		RMB 60,379 thousand	RMB 60,000 thousand	RMB 379 thousand		-
Fu Yu Precision Components (Kunshan) Co., Ltd.	Yun Tong Fortune Increasing Profits 90 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 300,000 thousand		RMB 303,513 thousand	RMB 300,000 thousand	RMB 3,513 thousand		-
Fu Yu Precision Components (Kunshan) Co., Ltd.	Wealth Bus No. 3	Note 2	Shanghai Pudong Development Bank	〃	-	-	-	RMB 200,000 thousand		RMB 202,219 thousand	RMB 200,000 thousand	RMB 2,219 thousand		-
Nanning Funing Precision Electronics Co., Ltd.	Agricultural Bank of China "Ben Li Feng" Targeted RMB Wealth Managements Products (BFDG180013)	Note 2	Agricultural Bank of China	〃	-	-	-	RMB 200,000 thousand		RMB 201,325 thousand	RMB 200,000 thousand	RMB 1,325 thousand		-
Nanning Funing Precision Electronics Co., Ltd.	Agricultural Bank of China "Ben Li Feng" Targeted RMB Wealth Managements Products (BFDG170475)	Note 2	Agricultural Bank of China	〃	-	RMB 250,000 thousand	-	-		RMB 251,812 thousand	RMB 250,000 thousand	RMB 1,812 thousand		-
Champ Tech Optical (Foshan) Corporation	RMB Continuous Serial Deposits Financial Products	Note 2	Bank of China	〃	-	-	-	RMB 100,000 thousand		RMB 100,335 thousand	RMB 100,000 thousand	RMB 335 thousand		-
Champ Tech Optical (Foshan) Corporation	Yun Tong Fortune Increasing Profits 34 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 100,000 thousand	-	RMB 100,419 thousand	RMB 100,000 thousand	RMB 419 thousand	-	-
Champ Tech Optical (Foshan) Corporation	Yun Tong Fortune Increasing Profits 32 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 100,000 thousand	-	RMB 100,395 thousand	RMB 100,000 thousand	RMB 395 thousand	-	-
Champ Tech Optical (Foshan) Corporation	Yun Tong Fortune Increasing Profits 32 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 100,000 thousand	-	RMB 100,395 thousand	RMB 100,000 thousand	RMB 395 thousand	-	-
Champ Tech Optical (Foshan) Corporation	Yun Tong Fortune Increasing Profits 34 Days Financial Products	Note 2	Bank of Communications	〃	-	-	-	RMB 80,000 thousand		RMB 80,320 thousand	RMB 80,000 thousand	RMB 320 thousand		-

Note 1：Recorded in "investments accounted for using equity method".
Note 2：Recorded in "financial assets at amortised cost-current".
Note 3：Recorded in "financial assets at amortised cost-non-current".
Note 4：Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Foxconn Technology Co., Ltd. and Subsidiaries

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

Year ended December 31, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd.	Sales	$ 2,286,740	2	90 days	Note	Note	$ 388,612	3	
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	Associate which accounted the Company by using equity method	Sales	348,952	-	90 days	Note	Note	106,979	1	
Foxconn Technology Co., Ltd.	HIGH TEMPO INTERNATIONAL LTD.	The investee is an indirect subsidiary of the Company	Sales	148,541	-	90 days	Note	Note	23,080	-	
Foxconn Technology Co., Ltd.	FTC Technology Inc.	The investee is an indirect subsidiary of the Company	Sales	145,309	-	90 days	Note	Note	112,541	1	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	30,344,085	86	90 days	Note	Note	11,531,115	96	Note 2
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn Technology Pte. Ltd.	The investee is an indirect subsidiary of the Company	Sales	3,785,406	11	90 days	Note	Note	327,762	3	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Fuzhun Precision (Hebi) Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Sales	239,347	1	90 days	Note	Note	11,856	-	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	515,278	10	90 days	Note	Note	137,023	6	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Foxconn Technology Pte. Ltd.	The investee is an indirect subsidiary of the Company	Sales	4,476,543	88	60 days	Note	Note	2,211,723	93	
Qingdao Hiyn Materials Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	184,162	33	90 days	Note	Note	144,367	57	
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	5,111,453	87	90 days	Note	Note	1,813,097	79	
Foxconn Technology Pte. Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	4,966,603	33	90 days	Note	Note	647,082	14	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	Transaction: Credit term	Differences in transaction terms compared to third party transactions: Unit price	Differences in transaction terms compared to third party transactions: Credit term	Notes/accounts receivable (payable): Balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
Foxconn Technology Pte. Ltd.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	The investee is an indirect subsidiary of the Company	Sales	$ 2,549,704	17	90 days	Note	Note	$ 1,401,047	31	
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	150,863	94	90 days	Note	Note	10,835	100	
Nanning Funing Precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	191,530	8	90 days	Note	Note	54,799	4	
YanTai Fuzhun Precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Sales	629,446	44	90 days	Note	Note	293,851	65	
YanTai Fuzhun Precision Electronics Co., Ltd.	Fu Yu Precision Components (Kunshan) Co., Ltd.	The investee is an indirect subsidiary of the Company	Sales	595,739	42	90 days	Note	Note	114,134	25	
Foxconn Technology Co., Ltd.	YanTai Fuzhun Precision Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	175,260	-	90 days	Note	Note	-	-	
Foxconn Technology Co., Ltd.	Champ Tech Optical (Foshan) Corporation	The investee is an indirect subsidiary of the Company	Purchases	399,463	-	90 days	Note	Note	(2,163,732)	(10)	Note 3
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd.	Purchases	80,260,884	91	90 days	Note	Note	(14,941,798)	(72)	
Foxconn Technology Co., Ltd.	Nanning Funing Precision Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	1,858,404	2	30 days	Note	Note	-	-	
Foxconn Technology Co., Ltd.	Fuzhun Precision (Hebi) Electronics Co., Ltd.	The investee is an indirect subsidiary of the Company	Purchases	675,589	1	90 days	Note 1	Note 1	(446,545)	(2)	
Foxconn Technology Co., Ltd.	INNOLUX CORPORATION	Other related parties	Purchases	2,286,490	3	60 days	Note	Note	(14,423)	-	
Foxconn Technology Co., Ltd.	SHARP CORPORATION	Other related parties	Purchases	1,219,329	1	60 days	Note	Note	(402,447)	(2)	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	4,983,346	18	90 days	Note	Note	(1,079,014)	(30)	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	The counterparty of the investee is an investment company which accounts the Company using equity method	Purchases	674,569	2	90 days	Note	Note	(10,456)	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Pan-International Industrial Corp. and subsidiaries	The company and its subsidiaries accounted for using equity method	Purchases	$ 339,773	8	90 days	Note	Note	($ 193,558)	(14)	
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	775,858	18	90 days	Note	Note	(49,675)	(3)	
Foxconn Technology Pte. Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	1,887,881	13	90 days	Note	Note	(406,512)	(7)	
Foxconn Technology Pte. Ltd.	Hon Hai Precision Industry Co., Ltd.	The counterparty of the investee is an investment company which accounts the Company using equity method	Purchases	935,457	6	90 days	Note	Note	(548,523)	(10)	
YanTai Fuzhun Precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Purchases	326,435	25	90 days	Note	Note	(28,526)	(14)	

Note 1:Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days.

Note 2:For transactions involving the sale of raw materials to the aforementioned related party and subsequent repurchase of goods made from the same raw materials from the same party, the initial sale of raw materials is eliminated due to economic substance.

Foxconn Technology Co., Ltd. and Subsidiaries

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

December 31, 2018

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd.	$ 388,612	3.97	$ 39,350	Subsequent collection	$ 219,855	$ -
Foxconn Technology Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The indirect subsidiaries of Hon Hai Precision Industry Co., Ltd.	358,273 (shown as other receivables)(Note 1)	Not applicable	-	-	-	-
Foxconn Technology Co., Ltd.	Hon Hai Precision Industry Co., Ltd.	Associate which accounted the Company by using equity method	106,979	1.16	-	-	62,533	-
Foxconn Technology Co., Ltd.	FTC Technology Inc.	Subsidiary which indirectly reinvested by the Company	112,541	2.52	38,104	-	112,541	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	11,531,115	1.63	5,351,028	Subsequent collection	4,238,344	-
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	The investee is an indirect subsidiary of the Company	327,762	1.96	45,321	Subsequent collection	34,287	-
Fu Yu Precision Components (Kunshan) Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	137,023	1.65	1,334	Subsequent collection	215,423	-
Fu Yu Precision Components (Kunshan) Co., Ltd.	FOXCONN TECHNOLOGY PTE. LTD.	The investee is an indirect subsidiary of the Company	2,211,723	2.87	528,605	Subsequent collection	1,814,020	-
Qingdao Hiyn Materials Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	144,367	1.29	81,951	Subsequent collection	144,367	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	1,813,097	2.24	722,193	Subsequent collection	168,863	-
Fuzhun Precision (Hebi) Electronics Co., Ltd.	Foxconn Technology Pte Ltd.	The Company's ultimate parent company	446,545	2.71	106,555	Subsequent collection	42,972	-
FOXCONN TECHNOLOGY PTE. LTD.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	647,082	1.75	188,672	Subsequent collection	251,595	-
FOXCONN TECHNOLOGY PTE. LTD.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	The investee is an indirect subsidiary of the Company	1,401,047	1.98	178,074	Subsequent collection	15,685	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
YanTai Fuzhun Precision Electronics Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	The counterparties of the investee are indirect subsidiaries of Hon Hai Precision Industry Co., Ltd. and its subsidiaries	$ 293,851	1.56	$ 152,713	Subsequent collection	$ 174,669	-
YanTai Fuzhun Precision Electronics Co., Ltd.	Fu Yu Precision Components (Kunshan) Co., Ltd.	The investee is an indirect subsidiary of the Company	114,134	4.48	-	-	121,959	-
Champ Tech Optical (Foshan) Corporation	Foxconn Technology Pte Ltd.	The Company's ultimate parent company	2,163,732	0.17	585,141	Subsequent collection	1,837,843	-
HIGH TEMPO INTERNATIONAL LTD.	Foxconn Technology Pte Ltd.	The Company's ultimate parent company	1,362,382 (shown as other receivables)(Note 2)	Not applicable	-	-	-	-

Note 1: Receivables from purchases of materials on behalf of Foxconn (Far East) Ltd. and subsidiaries.

Note 2: Receivables from purchases of materials by investees on behalf of the final parent company.

Note 3: It refers to receivable arising from investee's purchase of materials and raw materials on behalf of subsidiaries in which the Company directly re-invested.

Note 4: For information of loans to others, please refer to table 1.

Foxconn Technology Co., Ltd. and Subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets
0	Foxconn Technology Co., Ltd.	HIGH TEMPO INTERNATIONAL LTD.	1	Sales	$ 148,541	Note 4	0
0	Foxconn Technology Co., Ltd.	Nanning Funing Precision Electronics Co., Ltd.	1	Purchases	1,858,404	〃	1
0	Foxconn Technology Co., Ltd.	FTC Technology Inc.	1	Sales	145,309	〃	0
0	Foxconn Technology Co., Ltd.	〃	1	Accounts receivable	112,541	〃	0
0	Foxconn Technology Co., Ltd.	Fuzhun Precision (Hebi) Electronics Co., Ltd.	1	Purchases	675,589	〃	0
0	Foxconn Technology Co., Ltd.	YanTai Fuzhun Precision Electronics Co., Ltd.	1	Purchases	175,260	〃	0
0	Foxconn Technology Co., Ltd.	Champ Tech Optical (Foshan) Corporation (Note 7)	1	Purchases	399,463	〃	0
1	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Foxconn Technology Pte. Ltd.	3	Sales	3,785,406	〃	3
1	〃	〃	3	Accounts receivable	327,762	〃	1
1	〃	Fuzhun Precision (Hebi) Electronics Co., Ltd.	3	Sales	239,347	〃	0
2	Fu Yu Precision Components (Kunshan) Co., Ltd.	Foxconn Technology Pte. Ltd.	3	Sales	4,476,543	〃	3
2	〃	〃	3	Accounts receivable	2,211,723	〃	1
3	〃	〃	2	Accounts receivable	446,545	〃	0
4	Foxconn Technology Pte. Ltd.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	3	Sales	2,549,704	〃	2
4	〃	〃	3	Accounts receivable	1,401,047	〃	1
5	YanTai Fuzhun Precision Electronics Co., Ltd.	Fu Yu Precision Components (Kunshan) Co., Ltd.	3	Sales	595,739	〃	0
5	〃	〃	3	Accounts receivable	114,134	〃	0
6	High Tempo International Ltd.	Foxconn Technology Co., Ltd.	2	Other receivable	1,362,382	〃	1
7	〃	〃	2	Accounts receivable	2,163,732	〃	1

Note 1: The information of transactions between the Company and the subsidiaries should be noted in “Number” column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationship with counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiaries to the Company.

(3) The consolidated subsidiaries to other consolidated subsidiaries.

Note 3: Disclosure standard of transactions between the Company and subsidiaries is when purchases, sales and receivables (payables) from (to) related parties account for at least $100,000 or 20% of capital. Relative related are not disclosed.

Note 4: Except for circumstances in which there are no similar transactions for reference and the prices and credit periods are negotiated by both parties, the aforementioned related party is offered prices very close to those offered to other customers and given a payment period of 30 to 90 days.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: For information of loans to others, please refer to table 1.

Note 7: Champ Tech Optical (Foshan) Corporation is an indirect subsidiary of the Company on December 1, 2018, and the disclosed purchase is starting with the date of acqusition.

Foxconn Technology Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Note
Foxconn Technology Co., Ltd.	Q-Run Holdings Ltd.	Cayman Islands	Investment holding	$ 9,851,192	$ 9,851,192	480,077,600	100	$ 92,037,098	$ 5,670,361	$ 5,670,361	
Foxconn Technology Co., Ltd.	Foxconn Precision Components Holding Co., Ltd.	Cayman Islands	Investment holding	492,742	492,742	135,839,643	100	15,692,164	555,721	555,721	
Foxconn Technology Co., Ltd.	Huazhun Investment Co., Ltd.	Taiwan	Investment	1,254,780	1,254,780	125,478,000	100	1,440,657	101,597	101,597	
Foxconn Technology Co., Ltd.	Syntrend Creative Park Co., Ltd.	Taiwan	Retail of office machinery and equipment and electronic appliances, and information software services.	490,322	490,322	49,032,250	20	286,222	(85,477)	(17,062)	

Note 1: Besides Foxconn Precision Components Holding Co., Ltd., Q-Run Holdings Ltd. and Huazhun Investment Co., Ltd. are subsidiaries of the Company, Atkinson Holdings Ltd., Q-Run Far East Corporation, World Trade Trading Ltd., High Tempo International Ltd., FTC Technology Inc., Foxconn Technology Pte. Ltd., Kenny International Ltd., Double Wealth Profits Ltd., Precious Star International Ltd., Eastern Star Limited., Foreign Technology Ltd., Topfry Industrial Ltd., Gold Glory International Ltd., New Glory Holdings Ltd., FTP Technology Inc., Fu Rui Precision Components (Kunshan) Co., Ltd., Fuzhun Precision (Shenzhen) Industry Co., Ltd., Fuyu Technology (Nanyang) Co., Ltd., Hon Fujin Precision Industry (Taiyuan) Co., Ltd., Fuzhun Precision (Hebi) Electronics Co., Ltd., Qingdao Hiyn Materials Co., Ltd., Fuhuigang Industrial (Shenzhen) Co., Ltd., Fu Yu Precision Components (Kunshan) Co., Ltd., YanTai Fuzhun Precision Electronics Co., Ltd., Nanning Funing Precision Electronics Co., Ltd. and Fuzhun Precision (Shenyang) Industry Co., Ltd. are subsidiaries of the Company as well.

Foxconn Technology Co., Ltd. and Subsidiaries

Information on investees in Mainland China

Year ended December 31, 2018

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 2)	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Fuhuigang Industrial (Shenzhen) Co., Ltd.	Computer case – electronic and electrical components	$ 238,295	2	$ 238,295	$ -	$ -	$ 238,295	$ 10,554	100	$ 10,554	$ 437,350	$ –	
Fu Yu Precision Components (Kunshan) Co., Ltd.	Manufacturing and marketing of power plug and wall socket, micro ribbon connectors for terminals, etc.	1,203,425	2	604,754	-	-	604,754	371,194	100	371,194	4,421,617	–	
Fuzhun Precision (Shenzhen) Industry Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	599,040	2	61,440	-	-	61,440	90,088	100	90,088	4,738,787	–	
Fu Rui Precision Components (Kunshan) Co., Ltd.	Electrical board components processing; manufacturing and marketing of optoelectronics and computer cables	377,580	2	242,196	-	-	242,196	22,379	100	22,379	1,735,310	–	
Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	Manufacturing and marketing of computer components and related peripherals, computer cases and metal stamping	12,595,200	2	4,285,440	-	-	4,285,440	3,543,367	100	3,543,367	39,694,878	–	
Nanning Funing Precision Electronics Co., Ltd.	Manufacturing and marketing of computer components (computer thermal module)	301,056	2	-	-	-	-	270,146	100	270,146	2,558,462	–	
YanTai Fuzhun Precision Electronics Co., Ltd.	Manufacturing and marketing of computer case - electronic and electrical components	1,213,440	2	1,213,440	-	-	1,213,440	69,573	100	69,573	681,339	–	
Fuzhun Precision (Hebi) Electronics Co., Ltd.	New alloy material, precision molds, new electronic components, portable computers and their components	4,537,344	2	1,526,784	-	-	1,526,784	1,234,136	100	1,234,136	6,813,175	–	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
Foxconn Technology Co., Ltd.	$ 8,172,849	$ 21,065,380	$ -

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

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

(2) Through investing in Q-Run Holdings Ltd. or Foxconn Precision Components Holding Co., Ltd., which then invested in Mainland China.

(3) Others.

Note 2: Investment profit or loss for the period was recognised based on the Mainland investees’ financial statements which were audited by independent accountants.

Note 3: Pursuant to the amended 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company from May 21, 2015 to May 20, 2018.

Note 4: The Company needs no approval by Investment Commission of the Ministry of Economic Affairs for investment in Qingdao Hiyn Materials Co., Ltd., Fuzhun Precision (Shenyang) Industry Co., Ltd. and Fuyu Technology (Nanyang) Co., Ltd., which were reinvestedthrough an existing company in Mainland China.

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF CASH AND CASH EQUIVALENTS
DECEMBER 31,2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 1

Items	Abstract					Amount
Cash in banks						
Check deposits						$ 3,086
Demand deposits						7,710,677
Foreign deposits	USD	63,852	In thousands	Exchange rate	30.72	1,961,544
	JPY	303,317	In thousands	Exchange rate	0.2782	84,383
	EUR	245	In thousands	Exchange rate	35.20	8,613
	HKD	5,542	In thousands	Exchange rate	3.9210	21,730
	PLN	132	In thousands	Exchange rate	8.1807	1,080
	SGC	31	In thousands	Exchange rate	22.48	696
	RMB	7	In thousands	Exchange rate	4.4728	31
Time deposits	USD	-	In thousands	Exchange rate	-	-
	TWD	1,332,000	In thousands	Exchange rate	1.00	1,332,000
						$ 11,123,840

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF ACCOUNTS RECEIVABLE
DECEMBER 31,2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 2

Items	Abstract	Amount	Remark
PKM CORPORATION		$ 11,267,139	
Others		1,471,202	Balance of individual customers is under 5% of this account's balance.
		12,738,341	
Less：Allowance for sales discounts		(3,938)	
		$ 12,734,403	

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FOXCONN TECHNOLOGY CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 3

	As of January 1,2018		Additions (Note 1)		Deductions (Note 2)		As of December 31,2018			Market value or net equiry value		
Company name	In thousand shares	Amount	In thousand shares	Amount	In thousand shares	Amount	In thousand shares	Ownership (%)	Amount	Total price	Valuation basis	Pledged as collateral
Q-RUN HOLDINGS LTD.	480,078	$124,455,611	-	$ 5,657,983	-	($ 38,076,496)	480,078	-	$ 92,037,098	$ 92,037,098	Equity method	None
FOXCONN PRECISION CONPONENTS HOLDING CO., LTD.	135,840	15,250,593	-	555,721	-	(114,150)	135,840	-	15,692,164	15,692,164	〃	〃
HUAZHUN INVESTMENT CO., LTD.	125,478	1,831,805	-	101,597	-	(492,745)	125,478	-	1,440,657	1,440,657	〃	〃
SYNTREND CREATIVE PARK CO., LTD.	49,032	303,284	-	-	-	(17,062)	49,032	-	286,222	286,222	〃	〃
		$ 141,841,293		$ 6,315,301		($ 38,700,453)			$ 109,456,141	$ 109,456,141		

Note 1：Additions include gains on investment accounted for using equity method and change in capital surplus.

Note 2：Deductions include losses on investment accounted for using equity method, cash dividends received, recognition of valuation adjustment for FVTPL financial assets loss on investees' financial instruments and exchange differences on translation of foreign financial statements

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FOXCONN TECHNOLOGY CO., LTD.
Summary of Short-term loans
DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 4

Items	Bank	Amount	Term of Contract	Rate	Financing amount (In thousands)		Collateral	Footnote
Unsecured bank loans	Citibank Taiwan Ltd.	$ 3,471,360	2018/10/24~2019/1/24	2.7%	USD	113,000	None	
〃	HSBC Bank (Taiwan) Limited	4,300,800	2018/12/10~2019/3/22	2.9333%~3.0556%	USD	140,000	〃	
〃	TAIPEI FUBON COMMERCIAL BANK	1,350,000	2018/12/26~2019/1/2	0.86%	NTD	1,350,000	〃	
〃	MIZUHO BANK	4,567,000	2018/12/24~2019/1/7	0.69%	NTD	4,567,000	〃	
		$ 13,689,160						

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 5

Items	Quantity(in thousands)	Amount	Remark
Electronic products	Note	$ 96,587,516	
Others		83,161	
		96,670,677	
Less：Sales returns and discounts		(2,846,558)	
		$ 93,824,119	

Note：The number of products sold is varied and the units of pricing are different, so the quantity is not listed.

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 6

Items	Amount
Beginning raw materials	$ -
Add: Incoming inventory	-
Less: Ending raw materials	-
Material consumption	-
Manufacturing expenses	428,610
Manufacturing costs	428,610
Add: Beginning work in process	-
Incoming inventory	-
Cost of finished goods	428,610
Add: Beginning finished goods	1,170,690
Acquisition of finished goods	87,633,833
Less: Ending finished goods	(284,890)
Gain on reversal of decline in inventory valuation	-
Others	-
	$ 88,948,243

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 7

Items	Abstract	Amount	Remark
Wages and salaries		$ 333,899	
Labor and health insurance		6,341	
Pension		3,948	
Processing fee		2,644	
Others		81,778	Balance of individual accounts is under 5% of this account's
		$ 428,610	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 8

Items	Abstract	Amount	Remark
Wages and salaries		$ 160,851	
Freight		22,079	
Storage		2,953	
Pension		1,950	
Others		33,466	Balance of individual accounts is under 5% of this account's balance.
		$ 221,299	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 9

Items	Abstract	Amount	Remark
Wages and salaries		$ 187,964	
Other professional service xpenses		9,048	
Pension		2,653	
Others		47,760	Balance of individual accounts is under 5% of this account's balance.
		$ 247,425	

FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 10

Items	Abstract	Amount	Remark
Wages and salaries		$ 217,172	
Labor and health insurance		4,780	
Pension		2,763	
Others		29,479	Balance of individual accounts is under 5% of this account's balance.
		$ 254,194	

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FOXCONN TECHNOLOGY CO., LTD.
SUMMARY OF EMPLOYEE BENEFITS EXPENSES, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Summary 11

	Year ended December 31,2018				Year ended December 31,2017			
By nature	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Expenses	Total
Employee benefits expenses (Note)								
Wages and salaries	$ 333,899	$ 565,987	$ -	$ 899,886	$ 191,601	$ 270,257	$ -	$ 461,858
Labor and health insurance	6,341	18,441	-	24,782	6,525	10,737	-	17,262
Pension	3,948	7,366	-	11,314	4,333	7,041	-	11,374
Directors' compensation	-	1,872	-	1,872	-	1,872	-	1,872
Others	17,689	32,699	-	50,388	16,822	29,923	-	46,745
	$ 361,877	$ 626,365	$ -	$ 988,242	$ 219,281	$ 319,830	$ -	$ 539,111
Depreciation	$ 5,581	$ 9,840	$ 1,297	$ 16,718	$ 1,299	$ 12,648	$ 1,253	$ 15,200
Amortisation	$ -	$ 1,250	$ -	$ 1,250	$ -	$ 1,250	$ -	$ 1,250

Note：As of December 31, 2018 and 2017, the Company had 151 and 195 employees, respectively. There were 6 non-employee directors for both years.