English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 5288

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF MARCH 31, 2019 AND 2018
AND FOR THE THREE-MONTH PERIODS THEN ENDED
(REVIEWED BUT UNAUDITED)

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese

Consolidated financial statements

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English Translation of a Report Originally Issued in Chinese

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
of Eurocharm Holdings Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Eurocharm Holdings Co., Ltd. (the "Company") and its subsidiaries as of March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended and the notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

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Basis for Qualified Conclusion

As explained in Note 6(7), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT$156,116 thousand and NT$122,623 thousand as of March 31, 2019 and 2018, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$6,027 thousand and NT$7,222 thousand, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(131) thousand and NT$(640) thousand for the three-month periods then ended, respectively. The information related to above-mentioned associates and joint ventures accounted for under the equity method disclosed in Note 13 was not reviewed by independent accountants either.

Qualified Conclusion

Based on our reviews , except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain associates and joint ventures accounted for using equity method and the information disclosed in Note 13 been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2019 and 2018, and their consolidated financial performance and cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao
Huang, I-Hui
Ernst & Young, Taiwan
April 22nd, 2019

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of March 31, 2019, December 31,2018 and March 31,2018 (March 31, 2019 and 2018 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets		As of		
Accounts	Notes	March 31, 2019	December 31, 2018	March 31, 2018
Current assets				
Cash and cash equivalents	6(1)	$701,329	$674,941	$442,759
Financial assets measured at amortized cost	6(2)	85,824	321,694	711,724
Notes receivables	6(3)	223	34	-
Trade receivables	6(4), 6(19), 8	691,751	624,508	633,945
Trade receivables-related parties	6(4), 6(19), 7	164,224	120,532	12,107
Other receivables		12,582	21,232	17,899
Other receivables-related parties	7	367	125	88
Current tax assets		-	-	12
Inventories	6(5), 8	655,524	668,830	436,814
Prepayments		68,618	64,265	88,721
Other current assets		74,442	68,651	11,324
Total current assets		2,454,884	2,564,812	2,355,393
Non-current assets				
Financial assets measured at fair value through other comprehensive income	6(6)	19,431	19,431	11,007
Investment accounted for under the equity method	6(7)	156,116	150,657	122,623
Property, plant and equipment	6(8), 8	1,120,840	1,159,913	766,710
Right-of-use assets	4, 6(22), 7	280,444	-	-
Investment property	4, 6(9)	38,856	-	-
Intangible assets	6(10)	11,675	12,230	9,588
Deferred tax assets	4, 6(24)	893	840	1,251
Other non-current assets	6(11)	27,917	308,452	56,988
Total non-current assets		1,656,172	1,651,523	968,167
Total assets		$4,111,056	$4,216,335	$3,323,560

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - (CONTINUED)

As of March 31, 2019, December 31,2018 and March 31,2018 (March 31, 2019 and 2018 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity		As of		
Accounts	Notes	March 31, 2019	December 31, 2018	March 31, 2018
Current liabilities				
Short-term borrowings	6(12), 8	$236,890	$256,507	$48,358
Contract liabilities	6(18), 7	56,711	59,738	44,843
Notes payables		1	3	-
Trade payables		395,951	571,149	319,918
Trade payables-related parties	7	6,971	9,072	7,174
Other payables	6(13)	179,366	248,143	133,968
Other payables-related parties		22	-	-
Current tax liabilities	4, 6(24)	127,414	129,405	107,728
Lease liabilities-related parties	7	1,436	-	-
Other current liabilities		817	860	1,618
Refund liabilities		10,212	10,032	-
Total current liabilities		1,015,791	1,284,909	663,607
Non-current liabilities				
Deferred tax liabilities	4, 6(24)	17,893	17,805	16,970
Other non-current liabilities	6(14)	28,862	27,016	23,577
Total non-current liabilities		46,755	44,821	40,547
Total liabilities		1,062,546	1,329,730	704,154
Equity attributable to shareholders of the parent	6(16)			
Capital				
Common stock		658,262	658,262	658,262
Capital surplus	6(16)	836,782	836,782	836,782
Retained earnings	6(16)			
Special reserve		249,649	249,649	61,299
Accumulated profit or loss		1,534,307	1,362,144	1,375,262
Other components of equity		(230,490)	(220,232)	(312,199)
Total equity		3,048,510	2,886,605	2,619,406
Total liabilities and equity		$4,111,056	$4,216,335	$3,323,560

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended March 31, 2019 and 2018 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Desrciption	Notes	For the 3-month periods ended March 31, 2019	2018
Operating revenues	6(18), 7	$1,340,900	$1,011,344
Operating costs	7	(1,077,956)	(820,449)
Gross profit		262,944	190,895
Realized (Unrealized) sales profit		1	(14)
Gross profit, net		262,945	190,881
Operating expenses			
Sales and marketing		(18,877)	(14,363)
General and administrative	7	(39,912)	(35,529)
Research and development		(10,904)	(10,708)
Operating expenses total		(69,693)	(60,600)
Operating income		193,252	130,281
Non-operating incomes and expenses			
Other incomes	6(21), 7	15,103	10,337
Other gains and losses	6(21)	2,322	(3,610)
Finance costs	6(21)	(1,667)	(123)
Share of profit or loss of associates and joint ventures accounted for under the equity method	6(7)	6,027	7,222
Non-operating incomes and expenses total		21,785	13,826
Income before income tax		215,037	144,107
Income tax expense	4, 6(24)	(42,874)	(32,166)
Net income		172,163	111,941
Other comprehensive income (loss)	6(23)		
May be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		(10,127)	(61,910)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method		(131)	(640)
Total other comprehensive income, net of tax		(10,258)	(62,550)
Total comprehensive income		$161,905	$49,391
Earnings per share-basic (in NTD)	6(25)	$2.62	$1.70
Earnings per share-diluted (in NTD)	6(25)	$2.61	$1.69

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended March 31, 2019 and 2018 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollar)

	Equity Attributable to Shareholders of the Parent						
	Share capital		Retained Earnings		Other Components of equity		
Description	Common Stock	Capital Surplus	Special Reserve	Accumulated profit or loss	Exchange Differences on Translation of Foreign Operations	Total	Total Equity
Balance as of January 1, 2018	$658,092	$836,374	$61,299	$1,263,321	$(249,649)	$2,569,437	$2,569,437
Net income for the first quarter of 2018				111,941		111,941	111,941
Other comprehensive income (loss) for the first quarter of 2018					(62,550)	(62,550)	(62,550)
Total comprehensive income (loss)	-	-	-	111,941	(62,550)	49,391	49,431
Employee stock option certificates	170	408				578	578
Balance as of March 31, 2018	$658,262	$836,782	$61,299	$1,375,262	$(312,199)	$2,619,406	$2,619,406
Balance as of January 1, 2019	$658,262	$836,782	$249,649	$1,362,144	$(220,232)	$2,886,605	$2,886,605
Net income for the first quarter of 2019				172,163		172,163	172,163
Other comprehensive income (loss) for the first quarter of 2019					(10,258)	(10,258)	(10,258)
Total comprehensive income (loss)	-	-	-	172,163	(10,258)	161,905	161,905
Balance as of March 31, 2019	$658,262	$836,782	$249,649	$1,534,307	$(230,490)	$3,048,510	$3,048,510

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31, 2019 and 2018 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Items	For the 3-month periods ended March 31, 2019	2018
Cash flows from operating activities:		
Net income before tax	$215,037	$144,107
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:		
Depreciation (include investment property)	41,302	28,779
Amortization	1,153	878
Interest expense	1,667	123
Interest income	(5,053)	(4,871)
Share of profit or loss of associates and joint ventures accounted for under the equity method	(6,027)	(7,222)
Unrealized (Realized) sales profit	(1)	14
Changes in operating assets and liabilities:		
Notes receivables	(189)	8
Trade receivables	(67,202)	(84,955)
Trade receivables-related parties	(43,692)	3,380
Other receivables	(999)	(2,984)
Other receivables-related parties	(242)	25
Inventories	13,306	(19,974)
Prepayments	(4,353)	32,140
Other current assets	(5,791)	(3,823)
Long-term prepaid rent	-	(56,647)
Contract liabilities	(3,027)	21,000
Notes payables	(2)	(1)
Trade payables	(175,198)	(33,341)
Trade payables-related parties	(2,101)	(1,220)
Other payables	(67,806)	(44,451)
Other payables-related parties	22	-
Other current liabilities	(43)	502
Net defined benefit liabilities	(110)	(60)
Refund liabilities	180	-
Cash generated from (used in) operations	(109,169)	(28,593)
Interest received	14,669	15,572
Interest paid	(2,015)	(151)
Income tax paid	(44,674)	(33,285)
Net cash provided by (used in) operating activities	(141,189)	(46,457)

Items	For the 3-month periods ended March 31, 2019	2018
Cash flows from investing activities:		
Decrease (Increase) in financial assets measured at amortized cost	235,870	(58,766)
Acquisition of property, plant and equipment	(45,264)	(68,165)
Decrease in refundable deposits	98	59
Acquisition of intangible assets	(640)	(5,256)
Net cash provided by (used in) investing activities	190,064	(132,128)
Cash flows from financing activities:		
Increase in (Repayment of) short-term borrowings	(19,617)	(8,663)
Increase (Decrease) in guarantee deposits	1,956	(439)
Repayment of lease liability principal	(476)	-
Exercise of employee stock option	-	578
Net cash provided by (used in) financing activities	(18,137)	(8,524)
Effect of exchange rate changes	(4,350)	(41,232)
Net increase (decrease) in cash and cash equivalents	26,388	(228,341)
Cash and cash equivalents at beginning of period	674,941	671,100
Cash and cash equivalents at end of period	$701,329	$442,759

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

1. HISTORY AND ORGANIZATION

Eurocharm Holdings Co., Ltd. ("the Company") was incorporated in July 18, 2011. The Company's subsidiaries are engaged in manufacturing and selling motorcycle and auto equipment parts, medical equipment, machine parts, and providing assembling services.

The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in September 23, 2014 and started trading in September 25, 2014. The Company's registered office is at PO Box472, 2nd Floor, Harbour Place, 103 South Church Street, George Town KY1-1106, Grand Cayman, Cayman Islands. The main business locations are Khai Quang Industrial Zone, Vinh Yen City, Vinh Phuc Province, VietNam and No.15, Ln. 315 and Xinshu Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the three-month periods ended March 31, 2019 and 2018 were authorized for issue by the Board of Directors on April 22, 2019.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1)Changes in accounting policies resulting from applying for the first - time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2019. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

(a)IFRS 16"Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

In accordance with the transition provision in IFRS 16 at the date of initial application January 1, 2019. The initial application adoption of IFRS 16 has the following impacts on the Group:

A. Please refer to Note 4 for the accounting policies before or after January 1, 2019.

B. For the definition of a lease, the Group elects not to reassess whether a contract is, or contains, a lease at the date of initial application January 1, 2019. Instead, the Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after January 1, 2019, the Group need to assess whether contacts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract converts the right to control the use of an identified asset for a period in exchange for consideration. The Group assessed most of the contracts are, or contain, leases. No significant impacts arise.

C. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes the cumulative effect of initially applying IFRS 16 at the date of initial application.

(a)Leases previously classified as operating leases

For leases that were classified as operating leases applying IAS 17, the Group measure and recognize those leases as lease liability on January 1, 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019 and the Group recognizes the right-of-use asset measuring at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease, on a lease-by-lease basis.

Both the Group's right-of-use asset and lease liability increased by NT$1,912 thousand as of January 1, 2019.

Besides, on January 1, 2019, for leases that were previously classified as operating leases applying IAS 17 and those who have paid the rent in full, the Group reclassified the long-term rental prepayment of NT$280,437 to the right-of-use asset.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

In accordance with the transition provision in IFRS 16, the Group used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
ii. Rely on its assessment of whether leases are onerous immediately before January 1, 2019 as an alternative to performing an impairment review.
iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of January 1, 2019.
iv. Exclude initial direct costs from the measurement of the right-of-use asset on January 1, 2019.
v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(b)Please refer to Note 4 and Note 6 for the additional disclosure of lessee and lessor which required by IFRS 16.

(c)As of January 1, 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

i. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on January 1, 2019 was 0.9%.

ii. For leases that were classified as operating leases applying IAS 17 on December 31, 2018, discounted using the lessee's incremental borrowing rate on January 1, 2019, and the lease liabilities recognized on the balance sheet of January 1, 2019, the difference between in amount of NT$0, the relevant information is as follows:

Operating lease commitments disclosed applying IAS 17 as of December 31, 2018	$2,000
Discounted using the incremental borrowing rate on January 1, 2019	$1,912
The carrying value of lease liabilities recognized as of January 1, 2019	$1,912

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D.The Group is a lessor and has not made any adjustments. Please refer to Note 4 and Note 6 for the information relating to the lessor.

(2)Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2021
c	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
d	Definition of Material (Amendments to IAS 1 and 8)	January 1, 2020

(a)*IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and *IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

(b)*IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(1) estimates of future cash flows;
(2) discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(3) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

(c)Definition of a Business (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

(d)Definition of a Material (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group determined the standards and interpretations have no material impact on the Group.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1)Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 *Interim Financial Reporting* as endorsed and became effective by the FSC.

Except the following 4(3)～4(7), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2018.

(2)Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3)Basis of consolidation

The same principles of consolidation have been applied in the Company's consolidated financial statements as those applied in the Company's consolidated financial statements for the year ended December 31, 2018. For the principles of consolidation, please refer to Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2018.

The consolidated entities are listed as follows:

			Percentage of ownership (%)		
			As of		
Investor	Subsidiary	Main businesses	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
The Company	Eurocharm Innovation Co., Ltd. (B.V.I.)	Investment activities	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation Co., Ltd.	Manufacturing and sales of motor parts and medical equipment	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Precision Industrial No.1 Co., Ltd.	Manufacturing and sales of motor parts and medical equipment	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Apex Precision Industrial Ltd.	Trading activities	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Optimal Victory Ltd.	Trading activities	100%	100%	100%

(4)Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a)Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

C. Interest revenue is calculated by using effective interest method. This is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for:

i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Group make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from re-measurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b)Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money; and
C. the reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

D. For lease receivables arising from transactions within the scope of IFRS 16 (before January 1, 2019: IAS 17), the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c)Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired.
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d)Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or losses including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e)Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(5)Investment property

The accounting policy from January 1, 2019 is as follow:

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. After initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use asset and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is on a straight-line basis over the estimated economic lives:

Buildings	25 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group decides to transfer to or from investment properties based on the actual usage of the assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

The accounting policy before January 1, 2019 was as follow:

The Group's investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. After initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets *Held for Sale and Discontinued Operations.*

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group decides to transfer to or from investment properties based on the actual usage of the assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(6)Leases

The accounting policy from January 1, 2019 is as follow:

For contracts entered on or after January 1, 2019, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period, the Group assesses whether, throughout the period of use, has both of the following:

i. the right to obtain substantially all the economic benefits from use of the identified asset; and
ii. the right to direct the use of the identified asset.

The Group elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined based on the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses it's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

i. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
iii. amounts expected to be payable by the lessee under residual value guarantees;
iv. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
v. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

i. the amount of the initial measurement of the lease liability;
ii. any lease payments made at or before the commencement date, less any lease incentives received;
iii. any initial direct costs incurred by the lessee; and
iv. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associate with those leases in the consolidated income statement.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

The accounting policy before January 1, 2019 was as follow:

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(7)Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

5. SIGNIGICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the three-month periods ended March 31, 2019 as those applied in the Group's consolidated financial statements for the year ended December 31, 2018. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Group's consolidated financial statements for the year ended December 31, 2018.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6.CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Cash on hand	$515	$658	$548
Checking and saving	284,132	291,918	229,529
Time deposits matured within three months	416,682	382,365	212,682
Total	$701,329	$674,941	$442,759

(2)Financial assets measured at amortized cost

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Time deposits	$85,824	$321,694	$711,724
Current	$85,824	$321,694	$711,724
Non-current	-	-	-
Total	$85,824	$321,694	$711,724

The Group classifies certain of its financial assets as financial assets measured at amortized cost were not pledged. Please refer to Note 12 for more details on credit risk.

(3)Notes receivables

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Notes receivables arising from operating activities	$223	$34	$-
Less: loss allowance	-	-	-
Total	$223	$34	$-

Notes receivables were not pledged.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(19) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

(4)Trade receivables and Trade receivables-related parties

(a)Details of trade receivables and trade receivables-related are as below:

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Trade receivables	$703,123	$635,921	$644,959
Less: loss allowance	(11,372)	(11,413)	(11,014)
Subtotal	691,751	624,508	633,945
Trade receivables from related parties	164,224	120,532	12,107
Less: loss allowance	-	-	-
Subtotal	164,224	120,532	12,107
Total	$855,975	$745,040	$646,052

(b)Please refer to Note 8 for more details on trade receivables under pledged.

(c)Trade receivables are generally on 15-90 days terms. The total carrying amount for periods ended March 31, 2019 and 2018 and year ended December 31, 2018 are NT$867,347 thousand, NT$756,453 thousand and NT$657,066 thousand, respectively. Please refer to Note 6 (19) for more details on loss allowance of trade receivables for the three-month periods ended March 31, 2019 and 2018, respectively. Please refer to Note 12 for more details on credit risk.

(5)Inventories

(a)Details of inventories are as below:

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Raw materials and Supplies	$263,645	$276,388	$168,146
Work in progress	316,690	303,433	200,042
Finished goods	67,240	85,411	59,029
Merchandises	7,949	3,598	9,597
Total	$655,524	$668,830	$436,814

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)The cost of inventories recognized in expenses amounted to NT$1,077,956 thousand and NT$820,449 thousand for the three-month periods ended March 31, 2019 and 2018, respectively.

The following losses (gains) were included in cost of sale:

	For the three-month period ended March 31,	
	2019	2018
Loss in inventory write-off obsolescence	$3,190	$4,076

(c)Please refer to Note 8 for more details on inventories under as pledged.

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

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Equity instruments investments measured at fair value through other comprehensive income - Non-current			
Unlisted company's stocks	$19,431	$19,431	$11,007

(a)The Group classifies certain of its financial assets as financial assets at fair value through other comprehensive income and were not pledged.

(b)The Company's board of directors resolved to acquire 19.90% share interest on Northstar Precision (Vietnam) Company Limited in a meeting held on September 11, 2017. As of March 31, 2019, the Group has remitted the investment amount US$278,600 (equivalent to NT$8,424 thousand).

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7)Investments accounted for under the equity method

(a)Details of investments accounted for under the equity method are as below:

	As of					
	Mar. 31, 2019		Dec. 31, 2018		Mar. 31, 2018	
Investee companies	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in associates:						
Exedy Vietnam Co., Ltd.	$95,931	20.00%	$91,245	20.00%	$96,141	20.00%
Hsieh Yuan Technology Vietnam Co., Ltd.	35,739	45.00%	34,689	45.00%	26,482	45.00%
Shiang Yu Precision Co., Ltd.	24,446	40.00%	24,723	40.00%	-	-%
Total	$156,116		$150,657		$122,623	

(b)Investments in associates

The Group's investments in Exedy Vietnam Co., Ltd., Hsieh Yuan Technology Vietnam Co., Ltd., and Shiang Yu Precision Co., Ltd. are not individually material. The aggregate carrying amounts of the Group's interests in Exedy Vietnam Co., Ltd., Hsieh Yuan Technology Vietnam Co., Ltd., and Shiang Yu Precision Co., Ltd. were NT$156,116 thousand, NT$150,657 thousand and NT$122,623 thousand as of March 31, 2019, December 31, 2018, and March 31, 2018, respectively. The aggregate financial information based on the Group's share of Exedy Vietnam Co., Ltd., Hsieh Yuan Technology Vietnam Co., Ltd., and Shiang Yu Precision Co., Ltd. are as follows:

	For the three-month period ended March 31,	
	2019	2018
Profit or loss from continuing operations	$6,027	$7,222
Other comprehensive income (post-tax)	(131)	(640)
Total comprehensive income	$5,896	$6,582

The associates had no contingent liabilities or capital commitments and were not under pledge as of March 31, 2019, December 31, 2018, and March 31, 2018.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2019 and 2018, the balances of investments accounted for under the equity method were NT$156,116 thousand and NT$122,623 thousand, respectively. For the three-month periods then ended, shares of investment income from these associates and joint ventures amounted to NT$6,027 thousand and NT$7,222 thousand, respectively. For the three -month periods then ended, share of other comprehensive income from these associates and joint ventures amounted to NT$(131) thousand and NT$(640) thousand. These amounts were recognized based on un-reviewed financial statements of the investees.

(c)Investments accounted for under the equity method were not pledged.

(d)The board of directors of the Company's subsidiary - Vietnam Precision Industrial No.1 Co., Ltd. approved to form a joint venture with YUAN YU CHING YEH Co., Ltd. by acquiring 40% of its share interest in a meeting held on August 2, 2018. As of March 31, 2019, the Group has remitted the investment amount US$800 thousand.

(8)Property, plant and equipment

	As of		
	Mar. 31, 2019 (Note)	Dec. 31, 2018	Mar. 31, 2018
Property, plant and equipment for own-use	$1,106,386		
Property, plant and equipment for operating leases	14,454		
Total	$1,120,840		

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a)Property, plant and equipment for own-use (applicable to the requirement in IFRS 16)

	Land	Buildings	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of Jan. 1, 2019	$52,420	$380,799	$1,623,187	$90,485	$15,200	$129,377	$110,577	$2,402,045
Additions	-	4,845	1,657	-	1,432	1,126	35,582	44,642
Disposals	-	-	(1,106)	-	-	-	-	(1,106)
Transfers	-	(39,381)	72,397	-	-	-	(72,397)	(39,381)
Exchange differences	-	(1,389)	(6,604)	(314)	(49)	(423)	(475)	(9,254)
As of Mar. 31, 2019	$52,420	$344,874	$1,689,531	$90,171	$16,583	$130,080	$73,287	$2,396,946
Depreciation and impairment:								
As of Jan. 1, 2019	$-	$101,294	$968,878	$63,845	$10,732	$113,143	$-	$1,257,892
Depreciation	-	4,664	26,916	1,330	659	5,227	-	38,796
Disposals	-	-	(1,106)	-	-	-	-	(1,106)
Transfers	-	(131)	-	-	-	-	-	(131)
Exchange differences	-	(359)	(3,864)	(237)	(38)	(393)	-	(4,891)
As of Mar. 31, 2019	$-	$105,468	$990,824	$64,938	$11,353	$117,977	$-	$1,290,560
Net carrying amount as of:								
Mar. 31, 2019	$52,420	$239,406	$698,707	$25,233	$5,230	$12,103	$73,287	$1,106,386

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior period in accordance with the transition provision in IFRS 16.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Property, plant and equipment for operating leases (applicable to the requirement in IFRS 16)

	Land	Buildings	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of Jan. 1, 2019	$-	$15,153	$75,224	$-	$-	$-	$-	$90,377
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	(56)	(280)	-	-	-	-	(336)
As of Mar. 31, 2019	$-	$15,097	$74,944	$-	$-	$-	$-	$90,041
Depreciation and impairment:								
As of Jan. 1, 2019	$-	$9,525	$65,092	$-	$-	$-	$-	$74,617
Depreciation	-	217	1,032	-	-	-	-	1,249
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	(36)	(243)	-	-	-	-	(279)
As of Mar. 31, 2019	$-	$9,706	$65,881	$-	$-	$-	$-	$75,587
Net carrying amount as of:								
Mar. 31, 2019	$-	$5,391	$9,063	$-	$-	$-	$-	$14,454

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c)Property, plant and equipment (prior to the application of the requirement in IFRS 16)

	Land	Buildings	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of Jan. 1, 2018	$52,420	$174,711	$1,365,110	$72,006	$13,160	$112,738	$176,756	$1,966,901
Additions	-	908	1,111	4,120	780	922	58,479	66,320
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	1,105	-	-	-	(1,105)	-
Exchange differences	-	(4,279)	(36,833)	(1,822)	(273)	(2,750)	(4,454)	(50,411)
As of Mar. 31, 2018	$52,420	$171,340	$1,330,493	$74,304	$13,667	$110,910	$229,676	$1,982,810
Depreciation and impairment:								
As of Jan. 1, 2018	$-	$98,122	$954,206	$59,679	$8,933	$98,025	$-	$1,218,965
Depreciation	-	2,613	21,536	1,036	594	3,000	-	28,779
Disposals	-	-	-	-	-	-	-	-
Exchange differences	-	(2,341)	(25,180)	(1,509)	(198)	(2,416)	-	(31,644)
As of Mar. 31, 2018	$-	$98,394	$950,562	$59,206	$9,329	$98,609	$-	$1,216,100
Net carrying amount as of:								
Mar. 31, 2018	$52,420	$72,946	$379,931	$15,098	$4,338	$12,301	$229,676	$766,710

Significant components of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic lives of 50 years and 5 to 20 years.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9)Investment property

The Group's investment properties include owned investment properties. The Group has entered into commercial property leases on its owned investment properties with terms of within one year. These leases include a clause to enable upward revision of the rental charge on basis according to prevailing market conditions.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Buildings
Cost:	
As of Jan. 1, 2019	$-
Transfers from property, plant and equipment	39,381
Exchange differences	-
As of Mar. 31, 2019	$39,381
Depreciation and impairment:	
As of Jan. 1, 2019	$-
Depreciation	394
Transfers from property, plant and equipment	131
Exchange differences	-
As of Mar. 31, 2019	$525
Net carrying amount as of:	
Mar. 31, 2019	$38,856

	For the three-month period ended Mar. 31, 2019
Rental income from investment property	$6,881
Less : Direct operating expenses from investment property generating rental income	(394)
Total	$6,487

(a)No investment property was pledged.

(b)Investment properties held by the Group are not measured at fair value. Neither there was disclosure regarding the fair value due to no available valuation report performed by an independent appraiser as of March 31, 2019.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10)Intangible assets

	Computer software	Patents	Total
Cost:			
As of Jan. 1, 2019	$34,295	$228	$34,523
Additions-acquired separately	640	-	640
Deduction	-	(228)	(228)
Exchange differences	(124)	-	(124)
As of Mar. 31, 2019	$34,811	$-	$34,811
As of Jan. 1, 2018	$24,279	$228	$24,507
Additions-acquired separately	5,256	-	5,256
Deduction	-	-	-
Exchange differences	(600)	-	(600)
As of Mar. 31, 2018	$28,935	$228	$29,163
Amortization:			
As of Jan. 1, 2019	$22,065	$228	$22,293
Amortization	1,153	-	1,153
Deduction	-	(228)	(228)
Exchange differences	(82)	-	(82)
As of Mar. 31, 2019	$23,136	$-	$23,136
As of Jan. 1, 2018	$18,936	$228	$19,164
Amortization	878	-	878
Deduction	-	-	-
Exchange differences	(467)	-	(467)
As of Mar. 31, 2018	$19,347	$228	$19,575
Net carrying amount as of:			
Mar. 31, 2019	$11,675	$-	$11,675
Dec. 31, 2018	$12,230	$-	$12,230
Mar. 31, 2018	$9,588	$-	$9,588

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Amortization of intangible assets is as follows:

	For the three-month period ended Mar. 31,	
	2019	2018
Operating costs	$1	$1
General and administrative expenses	1,115	810
Research and development expenses	37	67
Total	$1,153	$878

(11)Other non-current assets

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Long-term prepaid rent	(Note)	$280,437	$56,647
Refundable deposits	$27,917	28,015	341
Total	$27,917	$308,452	$56,988

Long-term prepaid rent includes land use right amounted to NT$280,437 thousand and NT$56,647 thousand as of December 31, 2018 and March 31,2018, respectively.

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate period periods in accordance with the transition provision in IFRS 16.

(12)Short-term borrowings

		As of		
	Interest Rate (%)	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Secured bank loans	0.9%～4.5%	$141,784	$149,090	$40,000
Unsecured bank loans	2.3%～5.85%	95,106	107,417	8,358
Total		$236,890	$256,507	$48,358

The Group's unused short-term lines of credits amount to NT585,848 thousand, NT$564,252 thousand and NT$359,791 thousand as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 8 for more details on trade receivables, inventories, property, plant and equipment pledged as security for short-term borrowings.

(13)Other payables

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Accrued expense	$175,758	$243,564	$132,368
Accrued interest	-	349	-
Payables on equipment	3,608	4,230	1,600
Total	$179,366	$248,143	$133,968

(14)Other non-current liabilities

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Net defined benefit liability	$3,809	$3,919	$12,964
Guarantee deposits received	20,053	18,097	5,613
Other non-current liabilities	5,000	5,000	5,000
Total	$28,862	$27,016	$23,577

(15)Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2019 and 2018 were NT$456 thousand and NT$473 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2019 and 2018 were NT$78 thousand and NT$150 thousand, respectively.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16)Equities

(a)Common stock

The Company's authorized capital was both NT$900,000 thousand as of March 31, 2019, December 31, 2018 and March 31, 2018, divided into both 65,826 thousand shares, each at a par value of NT$10, respectively. Total issued stock capital was both NT$658,262 thousand. Each share has one voting right and a right to receive dividends.

The Company issued employee stock option on September 15, 2012. During the three-month periods ended March 31, 2018, employees exercised 17 thousand shares in amount of NT$578 thousand.

(b)Capital surplus

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Additional paid-in capital	$836,062	$836,062	$836,062
Employee stock option	-	-	-
Other	720	720	720
Total	$836,782	$836,782	$836,782

According to the Company Act, capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c)Retained earnings and dividend policies

(1)Retained earnings and dividend policies

According to the Company's Articles of Incorporation, unless otherwise required by the Statute and the Applicable Public Company Rules, the Company may distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by an Ordinary Resolution at any general meeting. The directors shall prepare such proposal as follows:

i. If there is any profit (after tax) of the current fiscal year after final account, it shall first be used to offset its losses in previous years which have not been previously offset (include the adjusted amount of undistributed earnings);

ii. Set aside a special capital reserve or reversal, if one is required, in accordance with the applicable public company rules or as requested by the authorities in charge;

iii. If there is any profit, it shall be set aside no more than 2% of the balance as compensation to directors and no less than 2% of the balance as compensation to employees of the Company, which may be distributed under an incentive program approved pursuant to Article 11.1 above. The board of directors shall adopt the exact percentages to be distributed as compensation to directors and the compensation to employees, and such resolution shall be reported in the shareholders meeting. A director who also serves as an executive officer of the Company may receive a compensation in his capacity as a director and the compensation in his capacity as an employee;

iv. Any balance left over may be distributed as dividends in accordance with the statute and the applicable public company rules and after taking into consideration profits of the current year and capital structure of the Company, unless otherwise specifically resolved by the board of directors and the shareholders' meetings, the amount of profits distributed to shareholders shall not be lower than 20% of profits (after tax) of the current year and the amount of cash dividends distributed thereupon shall not be less than 50% of the profits proposed to be distributed of the current year; in the event that the dividends per share distributed in the current year is less than NT$1, the Company may determine the dividends to be distributed partially or entirely by stock dividends or cash dividends.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As the Company is in the growing stage, the dividend distribution may take the form of a cash dividend and/or stock dividends and shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure and funds requirement for sustainable development needs etc.

(2)Special reserve

Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(3)The appropriations of earnings for the Year 2018 and 2017 were approved through the Board of Directors' meeting and Shareholders' meeting held on February 26, 2019 and June 14, 2018, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2018	2017	2018	2017
Common stock - cash dividend	$329,131	$263,305	$5	$4

Please refer to Note 6(20) for details on employees' compensation and remuneration to directors and supervisors.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17)Share-based payment plans

Certain employees of the Group are entitled to share-based payment as part of their remunerations; services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Share-based payment plan for employees of the parent entity

On September 15, 2012, the Company was authorized to issue employee share options with a total number of 2,000,000 units. Each unit entitles an options to subscribe for one share of the Company's common shares. The exercise price of the option was NT$40. The options may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company.

The fair value of share options is estimated at the grant date using a binomial option pricing-model, considering the terms and conditions upon which the share options were granted.

The contractual term of each option granted is six years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the share-based payment plan are as follows:

Date of grant	Total number of share options granted	Exercise price of share options (NT$)
2012.09.15	2,000,000	$34

(a)The following table lists the inputs to the model used for the plan granted during the year ended December 31, 2012:

	For the year ended Dec. 31, 2012
Dividend yield (%)	5%
Expected volatility (%)	39.63%
Risk-free interest rate (%)	0.8987%
Expected option life (Years)	6 years
Weighted average share price ($)	$40
Option pricing model	Black-Scholes

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The expected life of the share option is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

(b)The following table contains further details on the share-based payment plan:

	For the three-month period ended Mar. 31,2018	
	Number of share options outstanding	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	17,000	$34
Granted	-	-
Exercised	(17,000)	34(Note)
Forfeited	-	-
Expired	-	-
Outstanding at end of period	-	$-
Exercisable at end of period	-	

Note : The weighted average share price at the date of exercise of this option was $80.85.

(c)As of March 31, 2019, there was no share options of the Group outstanding. As of March 31, 2018, the information on the outstanding share options was as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of Mar. 31, 2018 share options outstanding at the end of the period	$34	0.5 year

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d)The expense recognized for employee services received during the three-months periods ended March 31, 2018, is shown in the following table:

	For the three-month period ended March 31, 2018
Total expense arising from equity-settled share-based payment transactions	$-

(e)Amendment or cancellation to the share-based payment plan for employees.

The Group did not cancel or amend to the share-based payment plan during the three-month period ended March 31, 2018.

(18)Operating revenue

	For the three-month period ended March 31,	
	2019	2018
Revenue from contracts with customer		
Sale of goods	$1,340,148	$1,011,308
Revenue arising from rendering of services	752	36
Total	$1,340,900	$1,011,344

Analysis of revenue from contracts with customers during the three-month periods ended March 31, 2019 and 2018, respectively, is as follows:

(a)Disaggregation of revenue

	Single Segment	
	For the three-month period ended March 31,	
	2019	2018
Sale of goods	$1,340,148	$1,011,308
Revenue arising from rendering of services	752	36
Total	$1,340,900	$1,011,344
Timing of revenue recognition:		
At a point in time	$1,340,900	$1,011,344

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Contract balances - current

Contract liabilities

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Sales of goods	$56,711	$59,738	$44,843

(c)Transaction price allocated to unsatisfied performance obligations

As of March 31, 2019, there was no information of unsatisfied performance obligations provided in the consolidated financial statements because the durations of the Group's revenue contracts were all less than one year.

(d)Assets recognized from costs to fulfil a contract

None.

(19)Expected credit losses (gains)

	For the three-month period ended Mar. 31,	
	2019	2018
Operating expenses – Expected credit losses		
Trade receivables	$-	$-

The Group does not expect significant loss against other receivables due to a counterparty being unable to fulfill its obligations. Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including notes receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively is as follow:

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) The Group considers the grouping of trade receivables by counterparties' credit rating and by geographical region and its loss allowance is measured by using a provision matrix, details are as follow:

As of March 31, 2019

Group 1

		Overdue				
	Not yet due	Less than 30 days	31-90 days	91-270 days	More than 271 days	Total
Gross carrying amount	$298,962	$-	$44,100	$7,633	$4,296	$354,991
Loss ratio	0.12%	1.17%	5.01%	55.63%	100%	
Lifetime expected credit losses	(344)	-	(2,211)	(4,246)	(4,296)	(11,097)
Carrying amount of trade receivables	$298,618	$-	$41,889	$3,387	$-	$343,894

Group 2

		Overdue				
	Not yet due (Note)	Less than 30 days	31-90 days	91-270 days	More than 271 days	Total
Gross carrying amount	$498,618	$205	$13,756	$-	$-	$512,579
Loss ratio	-%	-%	2.00%	83.58%	100%	
Lifetime expected credit losses	-	-	(275)	-	-	(275)
Carrying amount of trade receivables	$498,618	$205	$13,481	$-	$-	$512,304

Note: The Group's note receivables are not overdue.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2018

Group 1

		Overdue				
	Not yet due	Less than 30 days	31-90 days	91-270 days	More than 271 days	Total
Gross carrying amount	$303,406	$19,909	$16,407	$8,789	$1,094	$349,605
Loss ratio	0.11%	1.17%	10.84%	63.63%	100%	
Lifetime expected credit losses	(345)	(233)	(1,779)	(5,593)	(1,094)	(9,044)
Carrying amount of trade receivables	$303,061	$19,676	$14,628	$3,196	$-	$340,561

Group 2

	Not yet	Overdue				
	due (Note)	Less than 30 days	31-90 days	91-270 days	More than 271 days	Total
Gross carrying amount	$363,935	$27,647	$15,042	$258	$-	$406,882
Loss ratio	-%	-%	14.32%	83.58%	100%	
Lifetime expected credit losses	-	-	(2,154)	(215)	-	(2,369)
Carrying amount of trade receivables	$363,935	$27,647	$12,888	$43	$-	$404,513

Note: The Group’s note receivables are not overdue.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2018

		Overdue				
	Not yet due	Less than 30 days	31-90 days	91-270 days	More than 271 days	Total
Gross carrying amount	$613,892	$10,586	$28,240	$4,348	$-	$657,066
Loss ratio	-%	-%	24%	100%	100%	
Lifetime expected credit losses	-	-	(6,666)	(4,348)	-	(11,014)
Carrying amount of trade receivables	$613,892	$10,586	$21,574	$-	$-	$646,052

(b)The movement in the provision for impairment of notes receivables and trade receivables during the three-month periods ended March 31, 2019 and 2018 is as follows:

	Notes receivables	Trade receivables
As of Jan. 1, 2019	$-	$11,413
Addition for the current period	-	-
Exchange rate impact	-	(41)
As of Mar. 31, 2019	$-	$11,372
As of Jan. 1, 2018 (in accordance with IAS 39)	$57	$11,239
Transition adjustment to retained earnings	-	-
As of Jan. 1, 2018 (in accordance with IFRS 9)	57	11,239
Addition for the current period	-	-
Reclassification	(57)	57
Exchange rate impact	-	(282)
As of Mar. 31, 2018	$-	$11,014

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20)Summary statement of employee benefits, depreciation and amortization by function during the three-month periods ended March 31, 2019 and 2018:

	For three-month periods ended March 31,					
	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$208,579	$32,706	$241,285	$169,141	$30,684	$199,825
Labor and health insurance	660	619	1,279	710	605	1,315
Pension	238	296	534	281	342	623
Other employee benefits expense	2,488	1,255	3,743	2,128	1,135	3,263
Depreciation	36,887	4,415	41,302	28,008	771	28,779
Amortization	1	1,152	1,153	1	877	878

According to the Articles of Incorporation, no less than 2% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors. The Company may, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

For the three-month periods ended March 31, 2019, the Company recorded the compensations to employees and to directors in amount of NT$6,620 thousand and NT$4,413 thousand, respectively. While, employees' compensation and remuneration to directors for the three-month periods ended March 31, 2018 amounted of NT$7,982 thousand and NT$2,838 thousand, respectively. The employees' compensation and remuneration were estimated based on post-tax net income of the period and recognized as salary expenses.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$21,527 thousand and NT$10,300 thousand, respectively, in a meeting held on February 26, 2019. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2018.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$18,865 thousand and NT$10,300 thousand, respectively, in a meeting held on March 23, 2018. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2017.

(21)Non-operating income and expenses

(a)Other income

	For the three-month periods ended March 31,	
	2019	2018
Interest income		
Financial assets measured at amortized cost	$5,053	$4,871
Rental income	6,881	4,459
Others	3,169	1,007
Total	$15,103	$10,337

(b)Other gains and losses

	For the three-month periods ended March 31,	
	2019	2018
Foreign exchange gains (losses), net	$2,974	$(2,730)
Others	(652)	(880)
Total	$2,322	$(3,610)

(c)Finance costs

	For the three-month periods ended March 31,	
	2019	2018
Interest on borrowings from bank	$1,663	$123
Interest on lease liabilities	4	(Note)
Total	$1,667	$123

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(22)Leases

(a)Group as a lessee (Applicable to the disclosure requirement in IFRS 16)

The Group leases various assets, including property (land and buildings). The terms of leases were between two and fifty years. For certain leases, the Group is not allowed to lend to others, sub-lease out, sell, authorize others to use by any other ways, or transfer to others all or parts of the leases without consent from the lessors.

The effect that leases have on the financial position, financial performance and cash flows of the Group are as follow:

A. Amounts recognized in the balance sheet

(a)Right-of-use asset

The carrying amount of right-of-use asset

	As of		
	Mar. 31, 2019	Dec. 31, 2018 (Note)	Mar. 31, 2018 (Note)
Land	$279,010		
Buildings	1,434		
Total	$280,444		

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Lease liabilities

	As of		
	Mar. 31, 2019	Dec. 31, 2018 (Note)	Mar. 31, 2018 (Note)
Lease liabilities	$1,436		
Current	$1,436		
Non-current	$-		

Please refer to Note 6 (21)(3) for the interest on lease liability recognized during the three-month period ended March 31, 2019 and refer to Note 12 (5) for the maturity analysis for lease liabilities at of March 31, 2019.

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended March 31,	
	2019	2018 (Note)
Buildings	$863	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

C. Income and costs relating to leasing activities

	For the three-month periods ended March 31,	
	2019	2018 (Note)
Short-term lease expenses (rental expenses)	$2,371	

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

As of March 31, 2019, the Group did not have a short-term lease portfolio.

D. Cash outflow relating to leasing activities

During the three-month period ended March 31, 2019, the Group's total cash outflow for leases amounting to NT$1,617 thousand.

(b)Operating lease commitments – Group as lessee (Applicable to the disclosure requirement in IAS 17 to disclosure)

The Group has entered into commercial leases on certain plant. These leases have average lives between one and two years with no renewal option included in the contracts. There are no restrictions placed upon the Group by these leases.

Future minimum rentals payable under non-cancellable operating leases as of March 31, 2019, December 31, 2018 and March 31, 2018, are as follows:

	As of		
	Mar. 31, 2019 (Note)	Dec. 31, 2018	Mar. 31, 2018
Not later than one year		$1,920	$1,920
More than one year but less than five years		80	1,520
Total		$2,000	$3,440

Operating lease expenses recognized are as follows:

	For the three-month period ended March 31,	
	2019 (Note)	2018
Minimum lease payment	$-	$482

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c)Group as lessor (applicable to the disclosure requirement in IFRS 16)

Please refer to Note 6 (9) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

The Group has entered into commercial leases on certain plant. These leases have average lives between one and two years. These leases are classified as operating leases as they do transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month period ended March 31,	
	2019	2018 (Note)
Lease income recognized by operating lease		
Fixed lease payment related income	$6,881	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

Please refer to Note 6 (8) for relevant disclosure of property, plant and equipment for operating leases which required by IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of March 31, 2019 are as follow:

	As of		
	Mar. 31, 2019	Dec. 31, 2018 (Note)	Mar. 31, 2018 (Note)
Not later than one year	$19,402		
More than one year but less than two years	12,815		
Total	$32,217		

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d)Operating lease commitments - Group as lessor (Applicable to the disclosure requirement in IAS 17)

All the Company's commercial property leases were in remaining terms of one and two years and included a clause to annually revise rental charge according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of March 31, 2019, December 31, 2018 and March 31, 2018 are as follows:

	As of		
	Mar. 31, 2019 (Note)	Dec. 31, 2018	Mar. 31, 2018
Not later than one year		$20,396	$11,291
More than one year but less than five years		16,329	-
Total		$36,725	$11,291

The Group recognized rent income in amount of NT$6,881 thousand and NT$4,459 thousand for the three-month periods ended March 31, 2019 and 2018, respectively.

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(23)Components of other comprehensive income

	For the three-month period ended March 31, 2019				
	Arising during the period	Reclassification adjustments during the period	Subtotal	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	$(10,127)	$-	$(10,127)	$-	$(10,127)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(131)	-	(131)	-	(131)
Total of other comprehensive income	$(10,258)	$-	$(10,258)	$-	$(10,258)

	For the three-month period ended March 31, 2018				
	Arising during the period	Reclassification adjustments during the period	Subtotal	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	$(61,910)	$-	$(61,910)	$-	$(61,910)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(640)	-	(640)	-	(640)
Total of other comprehensive income	$(62,550)	$-	$(62,550)	$-	$(62,550)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(24)Income tax

(a)Based on an amendment to the Income Tax Act announced on February 7, 2018, the applicable corporate income tax rate for the year ended December 31, 2018 for the Group's subsidiary– Eurocharm Innovation Co., Ltd. has changed from 17% to 20%. The surtax rate on undistributed earnings has also changed from 10% to 5%.

(b)The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month period ended March 31,	
	2019	2018
Current income tax expense (income):		
Current income tax charge	$41,720	$32,832
Adjustments in respect of current income tax of prior periods	1,119	-
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	35	(662)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(4)
Total income tax expense	$42,874	$32,166

(c)The assessment of income tax returns

As of March 31, 2019, the assessment status of income tax returns of the Company and subsidiaries were as follows:

	The assessment of income tax returns
Subsidiary- Eurocharm Innovation Co., Ltd.	Assessed and approved up to 2016
Subsidiary- Vietnam Precision Industrial No.1 Co., Ltd.	Assessed and approved up to 2016

(25)Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity after dilution by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the three-month period ended March 31,	
	2019	2018
(a)Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$172,163	$111,941
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,826	65,813
Basic earnings per share (NT$)	$2.62	$1.70
(b)Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$172,163	$111,941
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,826	65,813
Effect of dilution:		
Employee bonus－stock (in thousands)	143	289
Weighted average number of ordinary shares outstanding after dilution (in thousands)	65,969	66,102
Diluted earnings per share (NT$)	$2.61	$1.69

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7.RELATED PARTY TRANSACTIONS

(1)The related parties who have transactions with the Group within the reporting periods

Related parties and relation

Related parties	Relationship
Exedy Vietnam Co., Ltd.	Associate
Hsieh Yuan Technology Vietnam Co., Ltd.	Associate
Northstar Precision (Vietnam) Company Limited	Other related party
Vietnam Precision Industrial Joint Stock Company	Other related party
Shen Yuan Metal Co., Ltd.	Other related party
Taiwan Techno State Co., Ltd.	Other related party

(2)Significant transactions with related parties

(a)Sales

	For the three-month period ended March 31,	
	2019	2018
Associates	$33,257	$30,913
Other related party-Northstar Precision (Vietnam) Company Limited	224,369	-
Total	$257,626	$30,913

The sales prices for related parties were not comparable. Terms of collection for related parties shall be the same for those applied to general clients. Receivables shall be finalized in a monthly basis and shall be collected within 15 to 90 days after accounts have been finalized.

(b)Purchases

	For the three-month period ended March 31,	
	2019	2018
Associates	$11,934	$8,652
Other related party	855	712
Total	$12,789	$9,364

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The purchasing prices to related parties were not comparable. Terms of payment to related parties shall be the same for those applied to general suppliers. Payables shall be finalized on a monthly basis and shall be paid within 30 to 90 days after monthly closing.

(c)For the three-month periods ended March 31, 2019 and 2018, the Group were charged by associates for processing and therefore recognized processing expense in amount of NT$9,863 thousand and NT$11,703 thousand, respectively.

(d)For the three-month periods ended March 31, 2019 and 2018, the Group charged associates for processing and therefore recognized processing income in amount of NT$43 thousand and NT$36 thousand, respectively, which were recorded under the caption of operating revenues.

(e)For the three-month periods ended March 31, 2019 and 2018, the Group charged other related parties for processing and therefore recognized processing income in amount of NT$709 thousand and NT$0, respectively, which were recorded under the caption of operating revenues.

(f)For the three-month periods ended March 31, 2019 and 2018, the Group charged other related parties for provided services and recognized service revenue in amount of NT$461 thousand and NT$309 thousand, respectively, which were recorded under non-operating income and expenses-other income.

(g)Trade receivables from related parties

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Associates	$12,441	$16,430	$12,107
Other related party-Northstar Precision (Vietnam) Company Limited	151,783	104,102	-
Total	$164,224	$120,532	$12,107

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(h)Other receivables - related parties

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Associates	$240	$-	$-
Other related party	127	125	88
Total	$367	$125	$88

(i)Contract liabilities - related parties

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Other related party	$605	$-	$-

(j)Trade payables to related parties

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Associates	$6,561	$8,616	$6,928
Other related party	176	456	246
Total	$6,737	$9,072	$7,174

(k)Operating lease

A. Right-of-use asset

		As of March 31,	
Relationship	Property	2019	2018(Note)
Other related party	Buildings	$1,434	

B. Lease liabilities

	As of March 31,	
Relationship	2019	2018(Note)
Other related party	$1,436	

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Rent expenses

		For the three-month period ended March 31,	
Relationship	Property	2019(Note)	2018
Other related party	Rent office		$480

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

D. For the three-month periods ended March 31, 2019 and 2018, the Group paid other related parties for rent expense every month by cash

(l)Lease transactions with related parties

Lessee	Lease	Duration	Rental income
For the three-month period ended March 31, 2019			
Associate	Property and plant	Jan. 1, 2019～Dec. 31, 2021	$2,849
Associate	Property and plant	Jan. 1, 2019～Dec. 31, 2021	2,256
Other related party	Property and plant	Aug. 1, 2018～Jul. 31, 2020	1,776
Total			$6,881
For the three-month period ended March 31, 2018			
Associate	Property and plant	Jan. 1, 2018～Dec. 31, 2018	$2,575
Associate	Property and plant	Jan. 1, 2018～Dec. 31, 2018	1,884
Total			$4,459

(i)Salaries and rewards to key management of the Group

	For the three-month period ended March 31,	
	2019	2018
Short-term employee benefits	$5,164	$4,854
Post-employment benefits	85	85
Share-based payment	770	716
Total	$6,019	$5,655

8.PLEDGED ASSETS

The following table lists assets of the Group pledged as collaterals:

	Carrying Amount As of			
Item	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018	Secured liabilities
Trade receivables	$268,200	$269,200	$-	Short-term borrowings
Inventories	268,200	269,200	-	Short-term borrowings
Property, plant and equipment - land	52,420	52,420	52,420	Short-term borrowings
Property, plant and equipment - buildings	471	493	560	Short-term borrowings
Total	$589,291	$591,313	$52,980	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of March 31, 2019, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows (foreign currencies: in thousands):

The nature of the contract	Contract amount	Amount paid	Outstanding balance
Construction contracts	VND162,900,000	VND154,755,000	VND8,145,000

Amount paid were recorded under the construction in progress and equipment awaiting examination of property, plant and equipment.

10.SIGNIFICANT DISASTER LOSS

None.

11.SIGNIFICANT SUBSEQUENT EVENTS

None.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12.OTHERS

(1)Financial instruments

Categories of financial instruments

Financial assets

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Financial assets at fair value through other comprehensive income	$19,431	$19,431	$11,007
Financial assets measured at amortized cost	1,655,785	1,762,408	1,817,974
Total	$1,675,216	$1,781,839	$1,828,981

Financial liabilities

	As of		
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2018
Financial liabilities at amortized cost:			
Short-term borrowings	$236,890	$256,507	$48,358
Trade payables	582,311	828,367	461,060
Lease liabilities(include related parties)	1,436	(Note)	(Note)
Total	$820,637	$1,084,874	$509,418

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(2)Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies always.

(3)Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analyses is as follows:

When NTD is strengthened/weakened against foreign currency USD by 1%, the profit for the three-month periods ended March 31, 2019 and 2018 decreased/increased by NT$5,973 thousand and NT$5,721 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended March 31, 2019 and 2018 to increase/decrease by NT$87 thousand and NT$221 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities are classified under available-for-sale financial assets. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2019, December 31, 2018 and March 31, 2018, trade receivables from top ten customers represent 79.35%, 80.96% and 84.07% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivable is insignificant.

Credit risk from balances with banks and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

The Group makes an assessment each reporting date as to whether the credit risk is still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio. The impairment assessment method for the debt instrument investment and related indicators are described as follows:

Item	Indicator	Loss ratio	Measurement method for expected credit losses
Low credit risk	Counter parties with good credit rating	0%～1%	12-month expected credit losses
Credit-impaired	Other impaired evidence	100%	Lifetime expected credit losses

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investment has increased, the Group will dispose that investment to minimize the credit losses. When assessing the expected credit losses in accordance with IFRS 9, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5)Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility using cash and cash equivalents and bank borrowings, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year
As of March 31, 2019	
Short-term borrowings	$239,035
Trade and other payables	582,311
Lease liabilities	1,436
As of December 31, 2018	
Short-term borrowings	$258,714
Trade and other payables	828,367
As of March 31, 2018	
Short-term borrowings	$48,437
Trade and other payables	461,060

(6)Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended March 31, 2019:

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
As of Jan. 1, 2019	$256,507	$18,097	$1,912	$276,516
Cash flows	(20,076)	2,024	(476)	(18,528)
Effect of exchange rate changes	459	(68)	-	391
As of Mar. 31, 2019	$236,890	$20,053	$1,436	$258,379

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Reconciliation of liabilities for the three-month period ended March 31, 2018:

	Short-term borrowings	Guarantee deposits received	Employee stock option	Lease liabilities (Note)	Total liabilities from financing activities
As of Jan. 1, 2018	$57,021	$6,052	$-	$-	$63,073
Cash flows	(8,228)	(439)	578	-	(8,089)
Effect of exchange rate changes	(435)	-	-	-	(435)
As of Mar. 31, 2018	$48,358	$5,613	$578	$-	$54,549

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(7)Fair values of financial instruments

(a)The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

i. The carrying amount of cash and cash equivalents, trade receivables, trade payable and other current liabilities approximate their fair value due to their short maturities.

ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b)Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

(c)Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8)Fair value measurement hierarchy

(a)Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement. Level 1, 2 and 3 inputs are described as follows:

Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b)Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis.

As of March 31, 2019, December 31, 2018, and March 31, 2018, fair value measurement hierarchy of the Group's assets measured at fair value on a recurring basis is as follows:

As of March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$19,431	$19,431

As of December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$19,431	$19,431

As of March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$11,007	$11,007

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

During the three-month period ended March 31, 2019, there was not movement of fair value measurements.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of March 31, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	Increase (decrease) in the discount for lack of marketability by 10% would result in increase (decrease) in the Group's other comprehensive income by NT$1,943 thousand.

As of December 31, 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	Increase (decrease) in the discount for lack of marketability by 10% would result in increase (decrease) in the Group's other comprehensive income by NT$1,943 thousand.

As of March 31, 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	Increase (decrease) in the discount for lack of marketability by 10% would result in increase (decrease) in the Group's other comprehensive income by NT$1,101 thousand.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's financial department is responsible for validating the fair value measurements and ensuring that the results of the valuation is in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies at each reporting date.

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9)Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of					
	Mar. 31, 2019			Dec. 31, 2018		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$28,610	30.97	$885,943	$20,138	30.73	$618,937
VND	$556,822,151	0.001341	$746,698	$816,780,592	0.001346	$1,099,388
Investments accounted for under the equity method						
VND	$116,415,689	0.001341	$156,113	$108,409,170	0.001390	$150,657
Financial liabilities						
Monetary items:						
USD	$9,075	31.15	$282,704	$9,048	31.22	$282,519
VND	$258,983,235	0.001341	$347,297	$416,906,414	0.001346	$561,156

	As of		
	Mar. 31, 2018		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$21,681	29.30	$635,336
VND	$875,183,599	0.001297	$1,135,114

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investments accounted for under the equity method			
VND	$94,065,880	0.001331	$125,202
Financial liabilities			
Monetary items:			
USD	$1,955	29.41	$57,512
VND	$212,395,953	0.001297	$275,478

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group's entities functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains (losses) were NT$2,974 thousand and NT$(2,730) thousand for the three-month periods ended March 31, 2019 and 2018, respectively.

(10)Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages its capital structure and adjusts to it, considering changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13.OTHER DISCLOSURES

(1)Information at significant transactions:

(a)Financing provided to others: None.

(b)Endorsement/Guarantee provided to others: Please refer to Attachment 1.

(c)Marketable securities held as of March 31, 2019 (excluding investments in subsidiaries, associates and joint ventures): None.

(d)Individual securities acquired or disposed of with accumulated amount of at least NT$ 300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2019: None.

(e)Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2019: None.

(f)Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2019: None.

(g)Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2019: None.

(h)Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of March 31, 2019: None.

(i)Derivative instrument transactions: None.

(j)Intercompany relationships and significant intercompany transactions for the three-month period ended March 31, 2019: Please refer to Attachment 6.

(2)Information on investees:

(a)Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 2.

(b)Investees over which the Company exercises control disclose information in Note 13(1):

i. Financing provided to others: None.

ii. Endorsement/Guarantee provided to others: None.

iii. Marketable securities held as of March 31, 2019 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 3.

iv. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital or for the three-month period ended March 31, 2019: None.

v. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital or for the three-month period ended March 31, 2019: None.

vi. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital or for the three-month period ended March 31, 2019: None.

vii. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital or for the three-month period ended March 31, 2019: Please refer to Attachment 4.

viii. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of March 31, 2019: Please refer to Attachment 5.

ix. Derivative instrument transactions: None.

(3)Information on investments in Mainland China: None.

14.OPERATING SEGMENT

The major operating revenues of the Group come from manufacturing and sales of motorcycle and auto equipment parts, medical equipment and machine parts. The chief operating decision maker reviewed the overall operating results to make decision about resources to be allocated to and evaluated the overall performance. Therefore, the Group was aggregated as a segment.

ATTACHMENT 1 (Endorsement/Guarantee provided to others for the three-month period ended March 31, 2019)

(All the currencies are denominated in Thousands of New Taiwan Dollars, foreign currency)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

No. (Note 1)	Endorser/Guarantor	Receiving party: Company name	Receiving party: Relationship (Note2)	Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral for guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
0	Eurocharm Holdings Co., Ltd.	Apex Precision Industrial Ltd.	2	$1,219,404	$169,538 (USD 5,500)	$169,538 (USD 5,500) (Note 4)	$-	$-	5.56%	$1,524,255	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd.	2	$1,219,404	$80,000	$80,000	$-	$-	2.62%	$1,524,255	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	2	$1,219,404	$339,075 (USD 11,000)	$339,075 (USD 11,000) (Note 4)	$194,707 (USD 6,317)	$-	11.12%	$1,524,255	Y	N	N

Note 1: Eurocharm Holdings Co., Ltd. is coded "0".

Note 2: The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1.The company with business contacts.

2.The company directly and indirectly holds more than 50% of the shares with voting rights.

3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.

4.The company directly and indirectly holds more than 90% of the shares with voting rights.

5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.

6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.

7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the Company's "Endorsement Procedures", the limitation of endorsement or guarantee for other subsidiaries shall not exceed 50% of the current net value of the Company.

The limitation of endorsement or guarantee for one of the subsidiaries shall not exceed 10% of the current net value of Company.

The limitation of endorsement or guarantee for companies that directly and indirectly holds 100% of the shares with voting rights of a single subsidiary not exceed 40% of the current net value of Company.

Note 4: Foreign currency were exchanged by exchange rate as at balance sheet date.

ATTACHMENT 2 (If an investor has the ability to exercise significant influence on investee or has material controlling power on investee) (Excluding investment in Mainland China)
(All the currencies are denominated in Thousands of New Taiwan Dollars, foreign currency)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Investor Company	Investee Company	Address	Main businesses and products	Original Investment Amount: As of Mar. 31, 2019	Original Investment Amount: As of Dec. 31, 2018	Investments as of March 31, 2019: Number of shares	Investments as of March 31, 2019: Percentage of ownership (%)	Investments as of March 31, 2019: Book Value	Net income (loss) of investee company	Investment income (loss) recognized	Note
Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd. (B.V.I.)	British Virgin Islands	Investment holding	$615,652	$615,652	19,000,000	100.00%	$3,146,868 (Note 5)	$183,131	$183,131 (Note 5)	Subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation Co., Ltd.	Taiwan	Manufacturing and sales of motor parts and medical equipment	61,425	61,425	5,850,000	100.00%	141,198 (Note 5)	139	4,426 (Note1) (Note5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Precision Industrial No.1 Co., Ltd.	Vietnam	Manufacturing and sales of motor parts and medical equipment	USD 8,700	USD 8,700	-	100.00%	2,820,584 (Note 5)	174,104	174,132 (Note 4) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Apex Precision Industrial Ltd.	Samoa	Trading activities	USD 2,000	USD 2,000	2,000,000	100.00%	85,037 (Note 5)	(2,853)	2,991 (Note 2) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Optimal Victory Ltd.	Samoa	Trading activities	USD 900	USD 900	900,000	100.00%	26,800 (Note 5)	350	94 (Note 3) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Hsieh Yuan Technology Vietnam Co., Ltd.	Vietnam	Manufacturing and sales of motor parts and surface plating	USD 562	USD 562	-	45.00%	35,739	2,625	1,181	Investment accounted for under the equity method
Vietnam Precision Industrial No.1 Co., Ltd.	Exedy Vietnam Co., Ltd.	Vietnam	Manufacturing and sales of motor parts	VND 13,212,264	VND 13,212,264	-	20.00%	95,931	25,153	5,031	Investment accounted for under the equity method
Vietnam Precision Industrial No.1 Co., Ltd.	Shiang Yu Precision Co., Ltd.	Vietnam	Design, manufacturing and sales of molds	USD 800	USD 800	-	40.00%	24,446	(463)	(185)	Investment accounted for under the equity method

Note 1: Including investment gain recognized under equity method amounted to NT$139 thousand, realized profit on transaction between subsidiaries amounted to NT$16,252 thousand and unrealized profit on transaction between subsidiaries amounted to NT$11,965 thousand.

Note 2: Including investment loss recognized under equity method amounted to NT$2,853 thousand, realized profit on transaction between subsidiaries amounted to NT$107,796 thousand and unrealized profit on transaction between subsidiaries amounted to NT$101,952 thousand.

Note 3: Including investment gain recognized under equity method amounted to NT$350 thousand, realized profit on transaction between subsidiaries amounted to NT$5,486 thousand and unrealized profit on transaction between subsidiaries amounted to NT$5,742 thousand.

Note 4: Including investment gain recognized under equity method amounted to NT$174,104 thousand, and realized profit on transaction between subsidiaries amounted to NT$28 thousand.

Note 5: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 3 (Securities held as of March 31, 2019) (Excluding subsidiaries, associates and joint ventures)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Company	Investee Company	Relationship	Financial statement account	Investments as of March 31, 2019: Number of shares	Book Value	Percentage of ownership (%)	Fair Value	Note	Shares as collateral
Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial Joint Stock Company	-	Financial assets measured at fair value through other comprehensive income	-	$11,007	6.91%	$11,007	-	None
Eurocharm Innovation Co., Ltd. (B.V.I.)	Northstar Precision (Vietnam) Company Limited	-	Financial assets measured at fair value through other comprehensive income	-	8,424	19.90%	8,424	-	None
	Total				$19,431		$19,431		

ATTACHMENT 4 (Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2019)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

			Transactions				Details of non-arm's length transaction		Notes and trade receivables (payable)		
Purchase (sales) company	Related party	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total balances (%)	Note
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	Sales	$224,369	17.41%	60~90 days after monthly closing	By product type, cost, market price and other trading terms.	Non related parties are 60~90 days after monthly closing	Trade receivables $151,783	18.50%	

ATTACHMENT 5 (Receivables from related of at least NT$100 million or 20 percent of the paid-in capital as of March 31, 2019)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Company Name	Related Party	Relationships	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Apex Precision Industrial Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	Also a subsidiary under the company's control	$162,582 (Note1, 2)	0.13	$-	-	$50,421	$-
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	$151,783 (Note1)	7.01	$-	-	$12,353	$-

Note 1: Trade receivables.

Note 2: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 6 (Intercompany relationships and significant intercompany transactions for the three-month period ended March 31, 2019 and 2018)
(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

No (Note1)	Company name	Counter party	Nature of relationship (Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Terms	Percentage of consolidated total gross sales or total assets (Note3)
	2019.01.01~2019.03.31						
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	$65,131	60~90 days after monthly closing	4.86%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	29,834	60~90 days after monthly closing	0.73%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other revenue	2	-	-%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other loss	9	-	-%
2	Apex Precision Industrial Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	6,656	60~90 days after monthly closing	0.50%
2	Apex Precision Industrial Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	162,582	60~90 days after monthly closing	3.95%
3	Optimal Victory Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	2,500	60~90 days after monthly closing	0.19%
3	Optimal Victory Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	4,063	60~90 days after monthly closing	0.10%
	2018.01.01~2018.03.31						
0	Eurocharm Holdings Co., Ltd.	Apex Precision Industrial Ltd.	1	Other receivables	$1,305	30 days after monthly closing	0.04%
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd.	1	Other payable	1,305	30 days after monthly closing	0.04%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	60,443	60~90 days after monthly closing	5.98%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	32,049	60~90 days after monthly closing	0.96%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other revenue	27	-	-%
2	Apex Precision Industrial Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	49,719	60~90 days after monthly closing	4.92%
2	Apex Precision Industrial Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	35,887	60~90 days after monthly closing	1.08%
3	Optimal Victory Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	3,454	60~90 days after monthly closing	0.34%
3	Optimal Victory Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	3,454	60~90 days after monthly closing	0.10%

Note 1: Eurocharm Holdings Co., Ltd. and subsidiaries are coded as follows:

1. Eurocharm Holdings Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows：

1. Investor to investee.
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.