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 JUNE 30, 2019 AND 2018
AND FOR THE SIX-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 June 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and cash flows for the six-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 issued into effect 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$159,890 thousand and NT$134,546 thousand as of June 30, 2019 and 2018, respectively. The related shares of profits from the associates and joint ventures under the equity method for the three-month periods then ended amounted to NT$2,974 thousand and NT$7,099 thousand, respectively, while for the six-month periods then ended were NT$9,001 thousand and NT$14,321 thousand, respectively. The related shares of other comprehensive income from the associates and joint ventures under the equity method for the three-month periods then ended amounted to NT$183 thousand and NT$1,057 thousand, respectively, while for the six-month periods then ended were NT$52 thousand and NT$417 thousand, 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 June 30, 2019 and 2018, and their consolidated financial performance for the three-month and six-month periods then ended, as well as the consolidated cash flows for the six-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 issued into effect by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao
Huang, I-Hui
Ernst & Young, Taiwan
August 7th, 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 June 30, 2019, December 31, 2018 and June 30, 2018 (June 30, 2019 and 2018 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets		As of		
Accounts	Notes	June 30, 2019	December 31, 2018	June 30, 2018
Current assets				
Cash and cash equivalents	6(1)	$928,141	$674,941	$638,698
Financial assets measured at amortized cost	6(2)	102,448	321,694	660,124
Notes receivables	6(3)	34	34	137
Trade receivables	6(4), 6(19), 8	611,490	624,508	674,536
Trade receivables-related parties	6(4), 6(19), 7	185,706	120,532	13,791
Other receivables		8,037	21,232	11,077
Other receivables-related parties	7	435	125	309
Inventories	6(5), 8	612,745	668,830	497,316
Prepayments		52,360	64,265	82,058
Other current assets		79,159	68,651	16,878
Total current assets		2,580,555	2,564,812	2,594,924
Non-current assets				
Financial assets measured at fair value through other comprehensive income	6(6)	19,431	19,431	19,431
Investment accounted for under the equity method	6(7)	159,890	150,657	134,546
Property, plant and equipment	6(8), 8	1,143,979	1,159,913	862,476
Right-of-use assets	4, 6(22), 7	281,036	-	-
Investment property	4, 6(9)	43,864	-	-
Intangible assets	6(10)	11,982	12,230	10,594
Deferred tax assets	4, 6(24)	840	840	840
Other non-current assets	6(11)	76,336	308,452	86,867
Total non-current assets		1,737,358	1,651,523	1,114,754
Total assets		$4,317,913	$4,216,335	$3,709,678

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 June 30, 2019, December 31, 2018 and June 30, 2018 (June 30, 2019 and 2018 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity		As of		
Accounts	Notes	June 30, 2019	December 31, 2018	June 30, 2018
Current liabilities				
Short-term borrowings	6(12), 8	$350,619	$256,507	$101,317
Contract liabilities	6(18), 7	32,240	59,738	42,511
Notes payables		3	3	1
Trade payables		338,738	571,149	401,391
Trade payables-related parties	7	6,556	9,072	7,706
Other payables	6(13)	541,822	248,143	434,610
Current tax liabilities	4, 6(24)	114,908	129,405	111,904
Lease liabilities-related parties	7	958	-	-
Other current liabilities		943	860	818
Refund liabilities		10,302	10,032	-
Total current liabilities		1,397,089	1,284,909	1,100,258
Non-current liabilities				
Deferred tax liabilities	4, 6(24)	17,988	17,805	17,991
Other non-current liabilities	6(14)	27,616	27,016	15,972
Total non-current liabilities		45,604	44,821	33,963
Total liabilities		1,442,693	1,329,730	1,134,221
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		220,232	249,649	249,649
Accumulated profit or loss		1,376,177	1,362,144	1,048,664
Other components of equity		(216,233)	(220,232)	(217,900)
Total equity		2,875,220	2,886,605	2,575,457
Total liabilities and equity		$4,317,913	$4,216,335	$3,709,678

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 and six-month periods ended June 30, 2019 and 2018 (Reviewed but unaudited)

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

Desrciption	Notes	For the three-month period ended June 30,		For the six-month period ended June 30,	
		2019	2018	2019	2018
Operating revenues	4, 6(18), 7	$1,319,165	$1,059,637	$2,660,065	$2,070,981
Operating costs	6(21), 7	(1,100,971)	(876,775)	(2,178,927)	(1,697,224)
Gross profit		218,194	182,862	481,138	373,757
Realized (Unrealized) sales profit		7	5	8	(9)
Gross profit, net		218,201	182,867	481,146	373,748
Operating expenses					
Sales and marketing	6(21)	(15,719)	(14,789)	(34,596)	(29,152)
General and administrative	7	(35,904)	(36,920)	(75,816)	(72,449)
Research and development		(12,549)	(12,235)	(23,453)	(22,943)
Expected credit losses	4, 6(19)	-	(5)	-	(5)
Operating expenses total		(64,172)	(63,949)	(133,865)	(124,549)
Operating income		154,029	118,918	347,281	249,199
Non-operating incomes and expenses					
Other incomes	6(21), 7	18,758	17,732	33,861	28,069
Other gains and losses	6(21)	5,559	20,405	7,881	16,795
Finance costs	6(21)	(1,999)	(201)	(3,666)	(324)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(7)	2,974	7,099	9,001	14,321
Non-operating incomes and expenses total		25,292	45,035	47,077	58,861
Income before income tax		179,321	163,953	394,358	308,060
Income tax expense	4, 6(24)	(37,737)	(38,896)	(80,611)	(71,062)
Net income		141,584	125,057	313,747	236,998
Other comprehensive income (loss)	6(23)				
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations		14,074	93,242	3,947	31,332
Share of other comprehensive income of associates and joint ventures accounted for under the equity method		183	1,057	52	417
Total other comprehensive income, net of tax		14,257	94,299	3,999	31,749
Total comprehensive income		$155,841	$219,356	$317,746	$268,747
Earnings per share-basic (in NTD)	6(25)	$2.15	$1.90	$4.77	$3.60
Earnings per share-diluted (in NTD)	6(25)	$2.15	$1.90	$4.76	$3.59

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 six-month periods ended June 30, 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
Appropriation and distribution of 2017 earnings:							
Special reserve			188,350	(188,350)		-	-
Cash dividends-common shares				(263,305)		(263,305)	(263,305)
Net income for the six-month period ended June 30, 2018				236,998		236,998	236,998
Other comprehensive income (loss) for the six-month period ended June 30, 2018					31,749	31,749	31,749
Total comprehensive income (loss)	-	-	-	236,998	31,749	268,747	268,747
Employee stock option certificates	170	408				578	578
Balance as of June 30, 2018	$658,262	$836,782	$249,649	$1,048,664	$(217,900)	$2,575,457	$2,575,457
Balance as of January 1, 2019	$658,262	$836,782	$249,649	$1,362,144	$(220,232)	$2,886,605	$2,886,605
Appropriation and distribution of 2018 earnings:							
Special reserve			(29,417)	29,417		-	-
Cash dividends-common shares				(329,131)		(329,131)	(329,131)
Net income for the six-month period ended June 30, 2019				313,747		313,747	313,747
Other comprehensive income (loss), for the six-month period ended June 30, 2019					3,999	3,999	3,999
Total comprehensive income (loss)	-	-	-	313,747	3,999	317,746	317,746
Balance as of June 30, 2019	$658,262	$836,782	$220,232	$1,376,177	$(216,233)	$2,875,220	$2,875,220

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 six-month periods ended June 30, 2019 and 2018 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Items	For the six-month period ended June 30, 2019	2018
Cash flows from operating activities:		
Net income before tax	$394,358	$308,060
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:		
Depreciation (include investment property)	82,173	57,368
Amortization	2,364	1,719
Expected credit losses	-	5
Interest expense	3,666	324
Interest income	(11,681)	(17,282)
Share of profit or loss of associates and joint ventures accounted for under the equity method	(9,001)	(14,321)
Loss on disposal of property, plant and equipment	264	-
Unrealized (Realized) sales profit	(8)	9
Changes in operating assets and liabilities:		
Notes receivables	-	(72)
Trade receivables	13,001	(125,967)
Trade receivables-related parties	(65,174)	1,696
Other receivables	1,780	(2,201)
Other receivables-related parties	(310)	(196)
Inventories	56,085	(80,476)
Prepayments	11,905	38,803
Other current assets	(10,508)	(9,377)
Long-term prepaid rent	-	(86,531)
Contract liabilities	(27,498)	18,668
Trade payables	(232,411)	48,132
Trade payables-related parties	(2,516)	(688)
Other payables	(37,238)	(13,055)
Other current liabilities	83	(298)
Net defined benefit liabilities	(210)	(8,464)
Refund liabilities	270	-
Cash generated from (used in) operations	169,394	115,856
Interest received	23,115	34,258
Interest paid	(4,015)	(352)
Income tax paid	(94,987)	(67,717)
Net cash provided by (used in) operating activities	93,507	82,045

Items	For the six-month period ended June 30, 2019	2018
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	-	(8,424)
Decrease (Increase) in financial assets measured at amortized cost	219,246	(7,166)
Acquisition of property, plant and equipment	(152,988)	(160,510)
Increase (Decrease) in refundable deposits	(41)	64
Acquisition of intangible assets	(2,099)	(6,947)
Net cash provided by (used in) investing activities	64,118	(182,983)
Cash flows from financing activities:		
Increase in (Repayment of) short-term borrowings	94,112	44,296
Increase (Decrease) in guarantee deposits	810	360
Repayment of lease liability principal	(954)	-
Exercise of employee stock option	-	578
Net cash provided by (used in) financing activities	93,968	45,234
Effect of exchange rate changes	1,607	23,302
Net increase (decrease) in cash and cash equivalents	253,200	(32,402)
Cash and cash equivalents at beginning of period	674,941	671,100
Cash and cash equivalents at end of period	$928,141	$638,698

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

1. HISTORY AND ORGANIZATION

Eurocharm Holdings Co., Ltd. ("the Company") was incorporated on 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) on September 23, 2014 and started trading on 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 six-month periods ended June 30, 2019 and 2018 were authorized for issue by the Board of Directors on August 7, 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 recognized 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 are 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".

The Group followed the transition provision in IFRS 16 and the date of initial application was January 1, 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

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 elected not to reassess whether a contract was, or contained, a lease on January 1, 2019. The Group was 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 conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessed most of the contracts are, or contain, leases, and has 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 recognized 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 previously classified as operating leases applying IAS 17, the Group measured and recognized 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 thousand 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 commitments disclosed applying IAS 17 on December 31, 2018, discounted using the incremental borrowing rate on January 1, 2019, and the lease liabilities recognized in 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

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 International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
b	Definition of Material (Amendments to IAS 1 and 8)	January 1, 2020

(a) *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 in determining 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 business and of outputs; etc.

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

The main amendment is to clarify a 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 were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2020. The Group assesses that there will be no significant impact on the Group's financial statements then.

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

(3)Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period 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

(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 fulfillment cash flows and the contractual service margin. The fulfillment 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.

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, and the local effective dates are to be determined by FSC. The Group assessed 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 six-month periods ended June 30, 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 for 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.

(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	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
The Company	Eurocharm Innovation Co., Ltd. (B.V.I.)	Investment activities	100%	100%	100%
The Company	Eurocharm America LLC.	Trading activities	100% (Note)	-	-
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation Co., Ltd.	Manufacturing and sales of motor parts and medical equipment	100%	100%	100%

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

			Percentage of ownership (%)		
			As of		
Investor	Subsidiary	Main businesses	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
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%

Note: The Company's board of directors resolved to acquire 100% share interest on Eurocharm America LLC. in a meeting held on April 22, 2019. The estimated investment amount is about US$200 thousand. As of June 30, 2019, the Group has not remitted the investment amount yet.

(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 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 the effective interest method. This is calculated by applying the effective interest rate to the 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, for certain equity investments 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, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall 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 these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified measured at amortized cost or measured at fair value through other comprehensive income based on the aforementioned criteria. 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 balance sheet.

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 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 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 the purpose of 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 taking into account 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 canceled 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. Subsequent to 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 a right-of-use asset and are not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assests:

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 transfers to or from investment properties when there is a change in use for these assets.

Properties are transfers 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. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *property,plant and equipment* 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 transfers to or from investment properties when there is a change in use for these 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 of time, 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 the 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 a 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 a right-of-use asset and a 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 its 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 is 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 increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

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 the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities on the balance sheet and presents lease-related interest expense and depreciation charge in the statements comprehensive income.

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 the 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 consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in the interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, 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 the 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 six-month periods ended June 30, 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		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Cash on hand	$703	$658	$767
Checking and saving	220,197	291,918	179,486
Time deposits matured within three months	707,241	382,365	458,445
Total	$928,141	$674,941	$638,698

(2)Financial assets measured at amortized cost

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Time deposits	$102,448	$321,694	$660,124
Current	$102,448	$321,694	$660,124
Non-current	-	-	-
Total	$102,448	$321,694	$660,124

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		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Notes receivables arising from operating activities	$34	$34	$137
Less: loss allowance	-	-	-
Total	$34	$34	$137

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		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Trade receivables	$622,920	$635,921	$685,971
Less: loss allowance	(11,430)	(11,413)	(11,435)
Subtotal	611,490	624,508	674,536
Trade receivables from related parties	185,706	120,532	13,791
Less: loss allowance	-	-	-
Subtotal	185,706	120,532	13,791
Total	$797,196	$745,040	$688,327

(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 were NT$808,626 thousand, NT$756,453 thousand and NT$699,762 thousand as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively. Please refer to Note 6 (19) for more details on loss allowance of trade receivables for the six-month periods ended June 30, 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		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Raw materials and Supplies	$270,477	$276,388	$195,789
Work in progress	259,835	303,433	227,948
Finished goods	77,848	85,411	65,932
Merchandises	4,585	3,598	7,647
Total	$612,745	$668,830	$497,316

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

(b)The cost of inventories recognized in expenses amounted to NT$1,100,971 thousand, NT$876,775 thousand, NT$2,178,927 thousand and NT$1,697,224 thousand for the three-month and six-month periods ended June 30, 2019 and 2018, respectively.

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

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Loss from inventory market decline	$-	$35	$-	$35
Loss in inventory write-off obsolescence	6,000	3,373	9,190	7,449
Total	$6,000	$3,408	$9,190	$7,484

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

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

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Equity instruments investments measured at fair value through other comprehensive income - Non-current			
Unlisted companies stocks	$19,431	$19,431	$19,431

(a)The Group classifies certain of its financial assets as financial assets at fair value through other comprehensive income 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 June 30, 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					
	Jun. 30, 2019		Dec. 31, 2018		Jun. 30, 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.	$100,069	20.00%	$91,245	20.00%	$104,539	20.00%
Hsieh Yuan Technology Vietnam Co., Ltd.	36,173	45.00%	34,689	45.00%	30,007	45.00%
Shiang Yu Precision Co., Ltd.	23,648	40.00%	24,723	40.00%	-	-%
Total	$159,890		$150,657		$134,546	

(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$159,890 thousand, NT$150,657 thousand and NT$134,546 thousand as of June 30, 2019, December 31, 2018, and June 30, 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 Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Profit or loss from continuing operations	$2,974	$7,099	$9,001	$14,321
Other comprehensive income (post-tax)	183	1,057	52	417
Total	$3,157	$8,156	$9,053	$14,738

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

The associates as mentioned above had no contingent liabilities or capital commitments and were not under pledge as of June 30, 2019, December 31, 2018, and June 30, 2018.

As of June 30, 2019 and 2018, the balances of investments accounted for under the equity method were NT$159,890 thousand and NT$134,546 thousand, respectively. For the three-month periods then ended, shares of investment income from these associates and joint ventures amounted to NT$2,974 thousand and NT$7,099 thousand, respectively, while for the six-month periods then ended were NT$9,001 thousand and NT$14,321 thousand, respectively. For the three-month periods then ended, the share of other comprehensive income from these associates and joint ventures amounted to NT$183 thousand and NT$1,057 thousand, respectively, while for the six-months periods then ended were NT$52 thousand and NT$417 thousand, respectively. These amounts were recognized based on unreviewed 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 June 30, 2019, the Group has remitted the investment amount US$800 thousand.

(8)Property, plant and equipment

	As of		
	Jun. 30, 2019 (Note)	Dec. 31, 2018	Jun. 30, 2018
Owner occupied property, plant and equipment	$1,135,894	(Note)	(Note)
Property, plant and equipment leased out under operating leases	8,085	(Note)	(Note)
Total	$1,143,979	$1,159,913	$862,476

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)Owner occupied property, plant and equipment (applicable under IFRS 16 requirements)

	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	$395,952	$1,623,187	$90,485	$15,200	$129,377	$110,577	$2,417,198
Additions	-	5,852	2,818	4,726	1,883	1,676	89,888	106,843
Disposals	-	(67)	(1,435)	-	(103)	(53)	-	(1,658)
Transfers	-	(54,763)	132,841	1,361	-	-	(134,202)	(54,763)
Exchange differences	-	577	2,643	126	19	170	190	3,725
As of Jun. 30, 2019	$52,420	$347,551	$1,760,054	$96,698	$16,999	$131,170	$66,453	$2,471,345
Depreciation and impairment:								
As of Jan. 1, 2019	$-	$110,819	$968,878	$63,845	$10,732	$113,143	$-	$1,267,417
Depreciation	-	9,485	53,817	2,679	1,338	9,837	-	77,156
Disposals	-	(38)	(1,200)	-	(103)	(53)	-	(1,394)
Transfers	-	(9,672)	-	-	-	-	-	(9,672)
Exchange differences	-	154	1,526	94	14	156	-	1,944
As of Jun. 30, 2019	$-	$110,748	$1,023,021	$66,618	$11,981	$123,083	$-	$1,335,451
Net carrying amount as of:								
Jun. 30, 2019	$52,420	$236,803	$737,033	$30,080	$5,018	$8,087	$66,453	$1,135,894

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 leased out under operating leases (applicable under IFRS 16 requirement)

	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Total
Cost:					
As of Jan. 1, 2019	$75,224	$-	$-	$-	$75,224
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Exchange differences	111	-	-	-	111
As of Jun. 30, 2019	$75,335	$-	$-	$-	$75,335
Depreciation and impairment:					
As of Jan. 1, 2019	$65,092	$-	$-	$-	$65,092
Depreciation	2,061	-	-	-	2,061
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Exchange differences	97	-	-	-	97
As of Jun. 30, 2019	$67,250	$-	$-	$-	$67,250
Net carrying amount as of:					
Jun. 30, 2019	$8,085	$-	$-	$-	$8,085

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

(c)Property, plant and equipment (prior to the application of 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	-	943	5,650	5,850	1,440	6,576	144,147	164,606
Disposals	-	-	-	-	(100)	-	-	(100)
Transfers	-	-	89,191	-	-	2,659	(91,850)	-
Exchange differences	-	2,014	17,334	857	128	1,293	2,096	23,722
As of Jun. 30, 2018	$52,420	$177,668	$1,477,285	$78,713	$14,628	$123,266	$231,149	$2,155,129
Depreciation and impairment:								
As of Jan. 1, 2018	$-	$98,122	$954,206	$59,679	$8,933	$98,025	$-	$1,218,965
Depreciation	-	5,301	41,846	2,121	1,241	6,859	-	57,368
Disposals	-	-	-	-	(100)	-	-	(100)
Exchange differences	-	1,233	13,044	760	117	1,266	-	16,420
As of Jun. 30, 2018	$-	$104,656	$1,009,096	$62,560	$10,191	$106,150	$-	$1,292,653
Net carrying amount as of:								
Jun. 30, 2018	$52,420	$73,012	$468,189	$16,153	$4,437	$17,116	$231,149	$862,476

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 between one and two years. These leases include a clause to enable the upward revision of the rental charge on an annual 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	54,763
Exchange differences	-
As of Jun. 30, 2019	$54,763
Depreciation and impairment:	
As of Jan. 1, 2019	$-
Depreciation	1,227
Transfers from property, plant and equipment	9,672
Exchange differences	-
As of Jun. 30, 2019	$10,899
Net carrying amount as of:	
Jun. 30, 2019	$43,864

	For the three-month period ended Jun. 30, 2019	For the six-month period ended Jun. 30, 2019
Rental income from investment property	$7,459	$14,340
Less: Direct operating expenses from investment property generating rental income	(833)	(1,227)
Total	$6,626	$13,113

(a)No investment property was pledged.

(b)Investment properties held by the Group were 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 June 30, 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	2,099	-	2,099
Deduction	-	(228)	(228)
Exchange differences	50	-	50
As of Jun. 30, 2019	$36,444	$-	$36,444
As of Jan. 1, 2018	$24,279	$228	$24,507
Additions-acquired separately	6,947	-	6,947
Deduction	-	-	-
Exchange differences	282	-	282
As of Jun. 30, 2018	$31,508	$228	$31,736
Amortization:			
As of Jan. 1, 2019	$22,065	$228	$22,293
Amortization	2,364	-	2,364
Deduction	-	(228)	(228)
Exchange differences	33	-	33
As of Jun. 30, 2019	$24,462	$-	$24,462
As of Jan. 1, 2018	$18,936	$228	$19,164
Amortization	1,719	-	1,719
Deduction	-	-	-
Exchange differences	259	-	259
As of Jun. 30, 2018	$20,914	$228	$21,142
Net carrying amount as of:			
Jun. 30, 2019	$11,982	$-	$11,982
Dec. 31, 2018	$12,230	$-	$12,230
Jun. 30, 2018	$10,594	$-	$10,594

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

Amortization of intangible assets is as follows:

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Operating costs	$-	$-	$1	$1
Sales and marketing expenses	1	1	1	1
General and administrative expenses	1,174	778	2,289	1,588
Research and development expenses	36	62	73	129
Total	$1,211	$841	$2,364	$1,719

(11)Other non-current assets

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Advance payments in equipment	$48,280	$-	$-
Long-term prepaid rent	(Note)	280,437	86,531
Refundable deposits	28,056	28,015	336
Total	$76,336	$308,452	$86,867

Long-term prepaid rent includes land use right in the amounted of NT$280,437 thousand and NT$86,531 thousand as of December 31, 2018 and June 30, 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.

(12)Short-term borrowings

		As of		
	Interest Rate (%)	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Secured bank loans	0.9%～4.5%	$201,287	$149,090	$83,773
Unsecured bank loans	1.1%～5.85%	149,332	107,417	17,544
Total		$350,619	$256,507	$101,317

The Group's unused short-term lines of credits amount to NT$570,645 thousand, NT$ $564,252 thousand and NT$625,962 thousand as of June 30, 2019, December 31, 2018 and June 30, 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		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Accrued expense	$206,326	$243,564	$163,764
Dividend payable	329,131	-	263,305
Accrued interest	-	349	-
Payables on equipment	6,365	4,230	7,541
Total	$541,822	$248,143	$434,610

(14)Other non-current liabilities

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Net defined benefit liability	$3,709	$3,919	$4,560
Guarantee deposits received	18,907	18,097	6,412
Other non-current liabilities	5,000	5,000	5,000
Total	$27,616	$27,016	$15,972

(15)Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended June 30, 2019 and 2018 were NT$449 thousand and NT$472 thousand, respectively, while for the six-month periods ended June 30, 2019 and 2018 were NT$905 thousand and NT$945 thousand, respectively.

Defined benefits plan

Expenses under the defined benefit plan for the three-month periods ended June 30, 2019 and 2018 were NT$77 thousand and NT$150 thousand, respectively, while for the six-month periods ended June 30, 2019 and 2018 were NT$155 thousand and NT$300 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 June 30, 2019, December 31, 2018 and June 30, 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 six-month periods ended June 30, 2018, employees exercised 17 thousand shares in the amount of NT$578 thousand.

(b)Capital surplus

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Additional paid-in capital	$836,062	$836,062	$836,062
Other	720	720	720
Total	$836,782	$836,782	$836,782

According to the Company Act, the 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

(i)Retained earnings and dividend policies

According to the Company's shareholders' meeting held on May 31, 2019 approved the resolution of amending the Articles of Incorporation. The distribution of profits or covering of losses proposal may be proposed at the close of each half fiscal year. Such distribution of profits or covering of losses proposal shall be made based on the financial statements audited or reviewed by a certified public accountant and such proposal, together with the business reports and financial statements of the Company, shall be submitted to the Audit Committee for their auditing, and then submitted to the Board of Directors for approval by resolutions. Prior to distribution of its profits, the Company shall estimate and reserve an amount to be paid for or cover taxes, employee compensations, and losses and set aside a legal reserve (unless the amount of such legal reserve is equal to the total paid-in capital of the Company.) If the Company is to distribute profits in the form of cash, such shall be approved by the Board of Directors; and if such distribution of profits is to be made in the form of new shares to be issued by the Company, it shall be approved by a Supermajority Resolution of the shareholders' meeting.

Unless otherwise required by the Statute and the Applicable Public Company Rules, at the close of each fiscal year, the Company shall 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 under the final annual 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 a bonus 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 compensation in his capacity as a director and the compensation in his capacity as an employee;

iv. the Company distributes profits or covering losses at the close of the first half fiscal year (if any); and

v. 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, the amount of profits distributed to shareholders shall not be lower than 20% of profits (after tax) of the then 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.

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.

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

(ii)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.

(iii)The appropriations of earnings for the Year 2018 and 2017 were approved through the Shareholders' meeting held on May 31, 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 further details on employees' compensation and remuneration to directors and supervisors.

(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.

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

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 option 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, taking into account 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 aforementioned 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 options 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 aforementioned share-based payment plan:

	For the six-month period ended Jun. 30, 2018	
	Number of share options outstanding	The weighted average exercise price of share options (NT$)
Outstanding at the beginning of the period	17,000	$34
Granted	-	-
Exercised	(17,000)	34(Note)
Forfeited	-	-
Expired	-	-
Outstanding at the end of the period	-	$-
Exercisable at the end of the period	-	

Note: The weighted average share price at the date of exercise of these options was NT$80.85.

(c)As of June 30, 2019, there were no share options of the Group outstanding. As of June 30, 2018, the information on the outstanding share options was as follows:

	Range of exercise price	Weighted average remaining contractual life (Years)
As of Jun. 30, 2018 Share options outstanding at the end of the period	$34	0.25 years

(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 and the six-months periods then ended June 30, 2018, is shown in the following table:

	For the three-month period ended Jun. 30, 2018	For the six-month period ended Jun. 30, 2018
Total expense arising from equity-settled share-based payment transactions	$-	$-

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

No modification or cancellation of share-based payment plan has occurred during for the six-month periods ended June 30, 2018.

(18)Operating revenue

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Revenue from contracts with customer				
Sale of goods	$1,317,791	$1,059,589	$2,657,939	$2,070,897
Revenue arising from the rendering of services	1,374	48	2,126	84
Total	$1,319,165	$1,059,637	$2,660,065	$2,070,981

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

Analysis of revenue from contracts with customers during the three-month periods ended and the six-month periods then ended June 30, 2019 and 2018, respectively, is as follows:

(1)Disaggregation of revenue

	Single Segment			
	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Revenue from contracts with customer				
Sale of goods	$1,317,791	$1,059,589	$2,657,939	$2,070,897
Revenue arising from the rendering of services	1,374	48	2,126	84
Total	$1,319,165	$1,059,637	$2,660,065	$2,070,981
Timing of revenue recognition:				
At a point in time	$1,319,165	$1,059,637	$2,660,065	$2,070,981

(2)Contract balances - current

Contract liabilities

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Sales of goods	$32,240	$59,738	$42,511

(3)Transaction price allocated to unsatisfied performance obligations

As of June 30, 2019, there was no information about unsatisfied performance obligations provided in the consolidated financial statements because the duration of the Group's revenue contracts were all less than one year.

(4)Assets recognized from costs to fulfill a contract

None.

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

(19)Expected credit losses/(gains)

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Operating expenses – Expected credit losses/(gains)				
Trade receivables	$-	$5	$-	$5

The Group does not expect any 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 June 30, 2019, December 31, 2018 and June 30, 2018, respectively is as follow:

(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 June 30, 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	$328,402	$44,974	$26,982	$10,511	$5,136	$416,005
Loss ratio	0.08%	0.82%	8.99%	28.91%	100%	
Lifetime expected credit losses	(267)	(370)	(2,424)	(3,039)	(5,136)	(11,236)
Carrying amount of trade receivables	$328,135	$44,604	$24,558	$7,472	$-	$404,769

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

Group 2

	Not yet due (Note)	Overdue				
		Less than 30 days	31-90 days	91-270 days	More than 271 days	Total
Gross carrying amount	$332,200	$44,490	$8,915	$7,050	$-	$392,655
Loss ratio	-%	-%	-%	2.75%	100%	
Lifetime expected credit losses	-	-	-	(194)	-	(194)
Carrying amount of trade receivables	$332,200	$44,490	$8,915	$6,856	$-	$392,461

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

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

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

Group 2

	Not yet due (Note)	Overdue				
		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.

As of June 30, 2018

	Not yet due (Note)	Overdue				
		Less than 30 days	31-90 days	91-270 days	More than 271 days	Total
Gross carrying amount	$563,948	$71,586	$47,807	$16,558	$-	$699,899
Loss ratio	-%	-%	-%	69%	100%	
Lifetime expected credit losses	-	-	-	(11,435)	-	(11,435)
Carrying amount of trade receivables	$563,948	$71,586	$47,807	$5,123	$-	$688,464

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

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

(b)The movement in the provision for impairment of notes receivables and trade receivables during the six-month periods ended June 30, 2019 and 2018 is as follows:

	Notes receivables	Trade receivables
As of Jan. 1, 2019	$-	$11,413
Addition to the current period	-	-
Exchange rate impact	-	17
As of Jun. 30, 2019	$-	$11,430
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 to the current period	-	5
Reclassification	(57)	57
Exchange rate impact	-	134
As of Jun. 30, 2018	$-	$11,435

(20)Summary statement of employee benefits, depreciation and amortization by function during the three-month periods ended and six-month periods ended June 30, 2019 and 2018:

	For the three-month period ended Jun. 30,					
	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$220,849	$31,295	$252,144	$178,432	$31,396	$209,828
Labor and health insurance	637	591	1,228	687	570	1,257
Pension	240	286	526	281	341	622
Other employee benefits expense	2,508	1,214	3,722	2,459	1,115	3,574
Depreciation	36,793	4,078	40,871	26,811	1,778	28,589
Amortization	-	1,211	1,211	-	841	841

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

	For the six-month period ended Jun. 30,					
	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$429,428	$64,001	$493,429	$347,573	$62,080	$409,653
Labor and health insurance	1,297	1,210	2,507	1,397	1,175	2,572
Pension	478	582	1,060	562	683	1,245
Other employee benefits expense	4,996	2,469	7,465	4,587	2,250	6,837
Depreciation	73,680	8,493	82,173	54,819	2,549	57,368
Amortization	1	2,363	2,364	1	1,718	1,719

According to the Articles of Incorporation, no less than 2% of the 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 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 period ended June 30, 2019, the Company recorded the compensations to employees and directors in the amount of NT$5,291 thousand and NT$3,261 thousand, respectively, and, for the six-month period ended June 30, 2019, NT$11,911 thousand and NT$7,674 thousand, respectively. While employees' compensation and remuneration to directors for the three-month period ended June 30, 2018 amounted of NT$7,397 thousand and NT$3,315 thousand, respectively, and, for the six-month period ended June 30, 2018, NT$15,379 thousand and NT$6,153 thousand, respectively. The aforementioned employees' compensation and remuneration were estimated based on the 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 period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Interest income				
Financial assets measured at amortized cost	$6,628	$12,411	$11,681	$17,282
Rental income	7,459	4,563	14,340	9,022
Others	4,671	758	7,840	1,765
Total	$18,758	$17,732	$33,861	$28,069

(b)Other gains and losses

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Losses on disposal of property, plant and equipment	$(264)	$-	$(264)	$-
Foreign exchange gains	8,834	21,124	11,808	18,394
Others	(3,011)	(719)	(3,663)	(1,599)
Total	$5,559	$20,405	$7,881	$16,795

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

(c)Finance costs

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Interest on borrowings from bank	$1,997	$201	$3,660	$324
Interest on lease liabilities	2	(Note)	6	(Note)
Total	$1,999	$201	$3,666	$324

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.

(23)Operating leases

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

The Group leases various properties, including real estates such as land and buildings. The lease terms range from two to fifty years. 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 obtaining the consent from the lessors.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a)Right-of-use asset

The carrying amount of right-of-use assets

	As of		
	Jun. 30, 2019	Dec. 31, 2018 (Note)	Jun. 30, 2018 (Note)
Land	$280,080		
Buildings	956		
Total	$281,036		

(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.

(b)Lease liabilities

	As of		
	Jun. 30, 2019	Dec. 31, 2018 (Note)	Jun. 30, 2018 (Note)
Lease liabilities	$958		
Current	$958		
Non-current	$-		

Please refer to Note 6 (21)(3) for the interest on lease liability recognized during the three-month periods ended and six-month period ended June 30, 2019 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as of June 30, 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 period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018(Note)	2019	2018(Note)
Buildings	$866		$1,729	

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. Income and costs relating to leasing activities

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018(Note)	2019	2018(Note)
Short-term leased expense (rental expense)	$2,390		$4,761	

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 June 30, 2019, the Group did not have a short-term lease portfolio.

D. Cash outflow relating to leasing activities

During the six-month period ended June 30, 2019, the Group's total cash outflow for leases amounting to NT$3,840 thousand.

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

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

Future minimum rentals payable under non-cancellable operating leases as of June 30, 2019, December 31, 2018 and June 30, 2018, are as follows:

	As of		
	Jun. 30, 2019 (Note)	Dec. 31, 2018	Jun. 30, 2018
Not later than one year		$1,920	$1,920
More than one year but less than five years		80	1,040
Total		$2,000	$2,960

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

Operating lease expenses recognized are as follows:

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019 (Note)	2018	2019 (Note)	2018
Minimum lease payment		$481		$963

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)Group as lessor (applicable to the disclosure requirement under 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 all the risks and rewards incidental to ownership of underlying assets substantially.

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

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018(Note)	2019	2018(Note)
Leased income recognized by operating leased				
Fixed leased payment related income	$7,459		$14,340	

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)

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 June 30, 2019 are as follow:

	As of		
	Jun. 30, 2019	Dec. 31, 2018 (Note)	Jun. 30, 2018 (Note)
Not later than one year	$27,173		
More than one year but less than two years	10,677		
Total	$37,850		

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

The Group has entered into commercial property leases with remaining terms of between one and two years. All leases include a clause to enable the upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of June 30, 2019, December 31, 2018 and June 30, 2018 are as follows:

	As of		
	Jun. 30, 2019 (Note)	Dec. 31, 2018	Jun. 30, 2018
Not later than one year		$20,396	$7,818
More than one year but less than five years		16,329	-
Total		$36,725	$7,818

The Group recognized rent income in amount of NT$7,459 thousand, NT$4,563 thousand, NT$14,340 thousand and NT$9,022 thousand for the three-month and six-month periods ended June 30, 2019 and 2018, respectively.

(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.

(23)Components of other comprehensive income

	For the three-month period ended Jun. 30, 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	$14,074	$-	$14,074	$-	$14,074
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	183	-	183	-	183
Total of other comprehensive income	$14,257	$-	$14,257	$-	$14,257

	For the three-month period ended Jun. 30, 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	$93,242	$-	$93,242	$-	$93,242
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	1,057	-	1,057	-	1,057
Total of other comprehensive income	$94,299	$-	$94,299	$-	$94,299

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

	For the six-month period ended Jun. 30, 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	$3,947	$-	$3,947	$-	$3,947
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	52	-	52	-	52
Total of other comprehensive income	$3,999	$-	$3,999	$-	$3,999

	For the six-month period ended Jun. 30, 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	$31,332	$-	$31,332	$-	$31,332
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	417	-	417	-	417
Total of other comprehensive income	$31,749	$-	$31,749	$-	$31,749

(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 retained 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 Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Current income tax expense (income):				
Current income tax charge	$37,578	$32,511	$79,298	$65,343
Adjustments in respect of current income tax of prior periods	11	4,953	1,130	4,953
Deferred tax expense (income):				
Deferred tax expense relating to origination and reversal of temporary differences	148	1,432	183	770
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	-	-	(4)
Total income tax expense	$37,737	$38,896	$80,611	$71,062

(c)The assessment of income tax returns

As of June 30, 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 Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
(a)Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$141,584	$125,057	$313,747	$236,998
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,826	65,826	65,826	65,819
Basic earnings per share (NT$)	$2.15	$1.90	$4.77	$3.60
(b)Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$141,584	$125,057	$313,747	$236,998
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,826	65,826	65,826	65,819
Effect of dilution:				
Employee bonus－stock (in thousands)	91	144	138	275
Weighted average number of ordinary shares outstanding after dilution (in thousands)	65,917	65,970	65,964	66,094
Diluted earnings per share (NT$)	$2.15	$1.90	$4.76	$3.59

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

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.

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
Shiang Yu Precision Co., Ltd.	Associate
Vietnam Precision Industrial Joint Stock Company	Other related party
Northstar Precision (Vietnam) Company Limited	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 Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Associates	$27,582	$34,653	$60,839	$65,566
Other related party – Northstar Precision (Vietnam) Company	254,749	-	479,118	-
Total	$282,331	$34,653	$539,957	$65,566

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 on a monthly basis and shall be collected within 15 to 90 days after accounts have been finalized.

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

(b)Purchases

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Associates	$13,265	$12,874	$25,199	$21,526
Other related parties	1,334	856	2,189	1,568
Total	$14,599	$13,730	$27,388	$23,094

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 six-month periods ended June 30, 2019 and 2018, the Group was charged by associates for processing and therefore recognized processing expense in the amount of NT$22,542 thousand and NT$24,634 thousand, respectively.

(d)For the six-month periods ended June 30, 2019 and 2018, the Group charged associates for processing and therefore recognized processing income in the amount of NT$51 thousand and NT$84 thousand, respectively, which were recorded under the caption of operating revenues.

(e)For the six-month periods ended June 30, 2019 and 2018, the Group charged other related parties for processing and therefore recognized processing income in the amount of NT$2,075 thousand and NT$0, respectively, which were recorded under the caption of operating revenues.

(f)For the six-month periods ended June 30, 2019 and 2018, the Group charged other related parties for provided services and recognized service revenue in amount of NT$725 thousand and NT$578 thousand, respectively, which were recorded under non-operating income and expenses-other income.

(g)For the six-month periods ended June 30, 2019 and 2018, the Group was charged by associates due to product defect and therefore recognized compensation in the amount of NT$1 thousand and NT$0, respectively, which were recorded under the caption of operating expenses.

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

(h)For the six-month periods ended June 30, 2019 and 2018, the Group sale of machine and equipment to other related parties and therefore recognized gains on disposal of property, plant and equipment were in the amount of NT$612 thousand and NT$0, respectively, which were recorded under non-operating income and expenses-other income.

(i)Trade receivables from related parties

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Associates	$8,305	$16,430	$13,791
Other related party-Northstar Precision (Vietnam) Company Limited	177,401	104,102	-
Total	$185,706	$120,532	$13,791

(j)Other receivables - related parties

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Associates	$359	$-	$211
Other related parties	76	125	98
Total	$435	$125	$309

(k)Trade payables to related parties

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Associates	$6,167	$8,616	$7,380
Other related parties	389	456	326
Total	$6,556	$9,072	$7,706

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

(l)Operating lease

A. Right-of-use asset

Relationship	Property	As of Jun. 30, 2019	As of Jun. 30, 2018(Note)
Other related party	Buildings	$956	

B. Lease liabilities

Relationship	As of Jun. 30, 2019	As of Jun. 30, 2018(Note)
Other related party	$958	

C. Rent expenses

		For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
Relationship	Property	2019(Note)	2018	2019(Note)	2018
Other related party	Rent office		$480		$960

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 six-month periods ended June 30, 2019 and 2018, the Group paid other related parties for rent expense every month by cash.

(m)Lease transactions with related parties

Lessee	Lease	Duration	Rental income
For the six-month period ended Jun. 30, 2019			
Associate	Property and plant	Jan. 1, 2019～Dec. 31, 2021	$5,706
Associate	Property and plant	Jan. 1, 2019～Dec. 31, 2021	4,514
Associate	Property and plant	May 1, 2019～Apr. 30,2021	538
Other related party	Property and plant	Aug. 1, 2019～Jul. 31, 2020	3,582
Total			$14,340

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

Lessee	Lease	Duration	Rental income
For the six-month period ended Jun. 30, 2018			
Associate	Property and plant	Jan. 1, 2018～Dec. 31, 2018	$5,208
Associate	Property and plant	Jan. 1, 2018～Dec. 31, 2018	3,814
Total			$9,022

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

	For the three-month period ended Jun. 30,		For the six-month period ended Jun. 30,	
	2019	2018	2019	2018
Short-term employee benefits	$4,711	$4,763	$9,875	$9,617
Post-employment benefits	85	85	170	170
Share-based payment	387	388	1,157	1,104
Total	$5,183	$5,236	$11,202	$10,891

8.PLEDGED ASSETS

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

	Carrying Amount As of			
Item	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018	Secured liabilities
Trade receivables	$269,600	$269,200	$269,400	Short-term borrowings
Inventories	269,600	269,200	269,400	Short-term borrowings
Property, plant and equipment – land	52,420	52,420	52,420	Short-term borrowings
Property, plant and equipment – buildings	449	493	538	Short-term borrowings
Total	$592,069	$591,313	$591,758	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of June 30, 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 construction in progress and equipment awaiting examination of property, plant and equipment.

10.SIGNIFICANT DISASTER LOSS

None.

11.SIGNIFICANT SUBSEQUENT EVENTS

In order to develop the overseas market, the Company's board of directors resolved to establish a subsidiary in a meeting held on July 3, 2019. The estimated investment amount is about US$1,500 thousand for 100% ownership.

12.OTHERS

(1)Financial instruments

Categories of financial instruments

Financial assets

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Financial assets at fair value through other comprehensive income	$19,431	$19,431	$19,431
Financial assets measured at amortized cost	1,835,588	1,762,408	1,997,905
Total	$1,855,019	$1,781,839	$2,017,336

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

Financial liabilities

	As of		
	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018
Financial liabilities at amortized cost:			
Short-term borrowings	$350,619	$256,507	$101,317
Trade payables	887,119	828,367	843,708
Leased liabilities(include related parties)	958	(Note)	(Note)
Total	$1,238,696	$1,084,874	$945,025

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 activate. 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 at all times.

(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 risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account 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 six-month periods ended June 30, 2019 and 2018 is decreased/increased by NT$6,651 thousand and NT$5,201 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 six-month periods ended June 30, 2019 and 2018 to decrease /increase by NT$21 thousand and increase/decrease NT$175 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 measured at financial assets measured at fair value through other comprehensive income. 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 counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria, etc. Certain counterparties' credit risk will also be managed by taking enhancing credit procedures, such as requesting for prepayment or insurance.

As of June 30, 2019, December 31, 2018 and June 30, 2018, trade receivables from top ten customers represent 77.74%, 80.96% and 84.32% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivable is relatively not significant.

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 and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

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 of each reporting date as to whether the credit risk 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 aforementioned 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 in order 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 a significant impact from the forward-looking information.

(5)Liquidity risk management

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of 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 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.

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

Non-derivative financial liabilities

	Less than 1 year
As of June 30, 2019	
Short-term borrowings	$354,147
Trade and other payables	887,119
Lease liabilities	960
As of December 31, 2018	
Short-term borrowings	$258,714
Trade and other payables	828,367
As of June 30, 2018	
Short-term borrowings	$102,364
Trade and other payables	843,708

(6)Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six-month period ended June 30, 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	94,075	783	(954)	93,904
Effect of exchange rate changes	37	27	-	64
As of Jun. 30, 2019	$350,619	$18,907	$958	$370,484

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

Reconciliation of liabilities for the six-month period ended June 30, 2018:

	Short-term borrowings	Guarantee deposits received	Lease liabilities (Note)	Total liabilities from financing activities
As of Jan. 1, 2018	$57,021	$6,052	$-	$63,073
Cash flows	44,091	287	-	44,378
Effect of exchange rate changes	205	73	-	278
As of Jun. 30, 2018	$101,317	$6,412	$-	$107,729

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 methods (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 measured 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.

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

(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 as a whole. 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

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 June 30, 2019, December 31, 2018, and June 30, 2018, fair value measurement hierarchy of the Group's assets measured at fair value on a recurring basis is as follows:

As of June 30, 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

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

As of June 30, 2018

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

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

During the six-month period ended June 30, 2019, there was no the 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 June 30, 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 extent of lacking marketability, the lower the fair value of the stocks.	Increase (decrease) in the extent 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 June 30, 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 extent of lacking marketability, the lower the fair value of the stocks.	Increase (decrease) in the extent for lack of marketability by 10% would result in increase (decrease) in the Group's other comprehensive income by NT$1,943 thousand.

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

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 are 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.

(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					
	Jun. 30 , 2019			Dec. 31, 2018		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$31,117	31.21	$971,255	$20,138	30.73	$618,937
VND	$657,147,462	0.001348	$885,835	$816,780,592	0.001346	$1,099,388
Investments accounted for under the equity method						
VND	$118,606,025	0.001348	$159,881	$108,409,170	0.001390	$150,657
Financial liabilities						
Monetary items:						
USD	$9,510	31.50	$299,524	$9,048	31.22	$282,519
VND	$251,628,793	0.001348	$339,196	$416,906,414	0.001346	$561,156

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

	As of		
	Jun. 30 , 2018		
	Foreign currencies	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$21,072	30.61	$645,039
VND	$969,692,773	0.001347	$1,306,177
Investments accounted for under the equity method			
VND	$99,926,287	0.001347	$134,601
Financial liabilities			
Monetary items:			
USD	$3,893	30.75	$119,692
VND	$103,316,712	0.001380	$142,532

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 gain were NT$8,834 thousand and NT$21,124 thousand for the three-month periods ended June 30, 2019 and 2018, respectively. The foreign exchange gains were NT$11,808 thousand and NT$18,394 thousand for the six-month periods ended June 30, 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 in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of 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 June 30, 2019 (excluding investments in subsidiaries, associates and joint ventures): None.

(d)Individual securities acquired or disposed of with accumulated amount of at least NT$ 100 million or 20 percent of the paid-in capital for the six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 2019: None.

(h)Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of June 30, 2019: None.

(i)Derivative instrument transactions: None.

(j)Intercompany relationships and significant intercompany transactions for the six-month period ended June 30, 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.

(c) 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 June 30, 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 six-month period ended June 30, 2019: None.

v. Acquisition of individual real estate with amount of at least NT$100 million or 20 percent of the paid-in capital or for the six-month period ended June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 June 30, 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 six-month period ended June 30, 2019)

(All the currencies are denominated in Thousands of New Taiwan Dollarss, 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	$1,150,088	$170,896 (USD 5,500)	$170,896 (USD 5,500) (Note4)	$-	$-	5.94%	$1,437,610	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd.	2	$1,150,088	$80,000	$80,000	$29,000	$-	2.78%	$1,437,610	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	2	$1,150,088	$339,955 (USD 11,000)	$186,432 (USD 6,000) (Note4)	$118,550 (USD 3,815)	$-	6.48%	$1,437,610	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

				Original Investment Amount		Investments as of Jun. 30, 2019					
Investor Company	Investee Company	Address	Main businesses and products	As of Jun. 30, 2019	As of Dec. 31, 2018	Number of shares	Percentage of ownership (%)	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%	$3,312,502 (Note 6)	$334,508	$334,508 (Note 6)	Subsidiary
Eurocharm Holdings Co., Ltd.	Eurocharm America LLC.	America	Trading activities	- (Note 5)	-	- (Note 5)	100.00%	- (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%	142,905 (Note 6)	883	6,178 (Note 1) (Note 6)	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%	2,978,719 (Note 6)	318,165	318,193 (Note 4) (Note 6)	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%	89,741 (Note 6)	5,846	7,694 (Note 2) (Note 6)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Optimal Victory Ltd.	Samoa	Trading activities	USD 900	USD 900	900,000	100.00%	27,128 (Note 6)	393	422 (Note 3) (Note 6)	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%	36,173	3,184	1,432	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%	100,069	43,399	8,680	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%	23,648	(2,777)	(1,111)	Investment accounted for under the equity method

Note 1: Including investment gain recognized under equity method amounted to NT$883 thousand, realized profit on transaction between subsidiaries amounted to NT$16,252 thousand and unrealized profit on transaction between subsidiaries amounted to NT$10,957 thousand.

Note 2: Including investment gain recognized under equity method amounted to NT$5,846 thousand, realized profit on transaction between subsidiaries amounted to NT$107,796 thousand and unrealized profit on transaction between subsidiaries amounted to NT$105,948 thousand.

Note 3: Including investment gain recognized under equity method amounted to NT$393 thousand, realized profit on transaction between subsidiaries amounted to NT$5,486 thousand and unrealized profit on transaction between subsidiaries amounted to NT$5,457 thousand.

Note 4: Including investment gain recognized under equity method amounted to NT$318,165 thousand and realized profit on transaction between subsidiaries amounted to NT$28 thousand.

Note 5: The Company's board of directors resolved to acquire 100% share interest on Eurocharm America LLC. in a meeting held on April 22, 2019. The estimated investment amount is about US$200 thousand. As of June 30, 2019, the Group has not remitted the investment amount yet.

Note 6: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 3 (Securities held as of June 30, 2019) (Excluding subsidiaries, associates and joint ventures)

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

				Investments as of June 30, 2019					
Company	Investee Company	Relationship	Financial statement account	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 six-month period ended June 30, 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
Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	Also a subsidiary under the company's control	Sales	$136,235	62.31%	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 $22,747	46.59%	1
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	Sales	$479,118	18.59%	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 $177,401	22.67%	

Note 1: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 5 (Receivables from related of at least NT$100 million or 20 percent of the paid-in capital as of June 30, 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		
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	$177,401 (Note1)	6.81	$-	-	$101,527	$-

Note 1: Trade Receivable

ATTACHMENT 6(Intercompany relationships and significant intercompany transactionstime for the six-month peroid ended June 30, 2019)
(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)
	2019.01.01~2019.06.30						
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	$136,235	60~90 days after monthly closing	5.12%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	22,747	60~90 days after monthly closing	0.53%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other receivables	62	60~90 days after monthly closing	-%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other revenue	12	-	-%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other loss	12	-	-%
2	Apex Precision Industrial Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	65,835	60~90 days after monthly closing	2.47%
2	Apex Precision Industrial Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade receivables	73,801	60~90 days after monthly closing	1.71%
3	Optimal Victory Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	2,500	60~90 days after monthly closing	0.09%

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.