Test-Rite International Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017 and 2016 and Independent Auditors' Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan

Tel :+886 (2) 2545-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Test-Rite International Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Test-Rite International Co., Ltd. (the "Company") and its subsidiaries (collectively referred as the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are key audit matters of the consolidated financial statements of the Group as of and for the year ended December 31, 2017:

Sales Revenue Recognition

The recognition of sales revenue depends on whether the risks and rewards of the ownership of goods have been transferred to customers and on the point of transfer of the risks and rewards of the ownership of goods to customers. This is critical to the Group's sales revenue recognition and to the presentation of the financial statements. As a result, the recognition of sales revenue is regarded as a key audit matter of these 2017 consolidated financial statements. Refer to Note 4 of the consolidated financial statements for disclosures of the accounting policies of sales revenue recognition.

Our audit procedures in response to sales revenue recognition consisted of the following: According to the transaction documents, we understood and evaluated the appropriateness of the Group's accounting policy of sales revenue recognition; and we selected samples of sales transactions and performed tests of the transaction details to verify the validity of the presentation of sales revenue.

Impairment of Accounts Receivable

As of December 31, 2017, the amount of accounts receivable was material for the Group, and the recognition of an allowance for impairment loss was subject to management's estimation of future cash flows. As a result, the impairment of accounts receivable is regarded as a key audit matter of these 2017 consolidated financial statements. Refer to Notes 4, 5 and 10 of the consolidated financial statements for further disclosures of accounts receivable and the impairment of accounts receivable.

Our audit procedures in response to accounts receivable and the impairment of accounts receivable consisted of the following: We evaluated the rationale of the assumptions used in the aging report of accounts receivable prepared by management and verified that the assumptions were consistent with those used in the prior year; we examined the calculations in the aging report; and we inspected cash collections of accounts receivable after the balance sheet date to verify the collectability of accounts receivable.

Other Matter

We have also audited the parent company only financial statements of Test-Rite International Co., Ltd. as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards(IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee, predecessor to IFRIC (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Tyan Hong and Ker-Chang Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2018

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,461,147	6	$ 2,302,564	10
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	630,141	3	451,827	2
Debt investments with no active market - current (Notes 4 and 9)	2,222	-	172,069	1
Notes receivable from unrelated parties (Notes 4 and 10)	46,054	-	61,825	-
Trade receivables from unrelated parties (Notes 4 and 10)	2,977,355	13	2,403,141	10
Other receivables	377,546	2	244,056	1
Inventories (Notes 4 and 11)	6,043,748	27	6,642,730	27
Prepayments	290,254	1	341,397	1
Other current financial assets	21,788	-	17,433	-
Other current assets	1,061	-	4,335	-
Total current assets	11,851,316	52	12,641,377	52
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 8)	75,744	-	93,775	-
Debt investments with no active market - non-current (Notes 4 and 9)	235,461	1	108,899	1
Property, plant and equipment (Notes 4 and 13)	5,618,359	25	6,171,912	25
Goodwill (Notes 4 and 14)	2,336,399	10	2,335,902	10
Other intangible assets (Notes 4 and 15)	234,708	1	236,055	1
Deferred tax assets (Note 4)	1,166,110	5	1,279,315	5
Refundable deposits	802,502	4	812,030	3
Other non-current assets	551,679	2	638,033	3
Total non-current assets	11,020,962	48	11,675,921	48
TOTAL	$ 22,872,278	100	$ 24,317,298	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 1,211,838	5	$ 1,799,526	7
Short-term bills payable (Note 16)	79,992	-	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	40,159	-	51,019	-
Notes payable to unrelated parties	9,567	-	21,714	-
Trade payables to unrelated parties	5,516,821	24	5,783,246	24
Other payables (Notes 4 and 18)	1,427,836	6	1,657,087	7
Current tax liabilities (Note 4)	126,171	1	184,575	1
Advance receipts	562,283	3	555,304	2
Current portion of long-term borrowings and bonds payable (Note 16)	1,225,000	6	600,000	3
Other current liabilities	31,327	-	156,135	1
Total current liabilities	10,230,994	45	10,808,606	45
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	4,491,928	19	5,571,922	23
Deferred tax liabilities (Note 4)	22,799	-	27,661	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	150,138	1	172,262	1
Guarantee deposits received	230,277	1	237,375	1
Other non-current liabilities	73,875	-	83,189	-
Total non-current liabilities	4,969,017	21	6,092,409	25
Total liabilities	15,200,011	66	16,901,015	70
EQUITY ATTRIBUTABLE TO OWNERS OF TEST-RITE				
Share capital				
Common shares (Notes 4 and 20)	5,098,875	23	5,098,875	21
Capital surplus (Notes 4 and 20)	647,962	3	673,456	3
Retain earnings (Notes 4 and 20)				
Legal reserve	1,110,326	5	1,049,379	4
Special reserve	166,380	1	148,098	1
Unappropriated earnings	787,297	3	609,465	2
Total retain earnings	2,064,003	9	1,806,942	7
Other equity (Notes 4 and 20)	(180,438)	(1)	(166,380)	(1)
Total equity attributable to owners of TEST-RITE	7,630,402	34	7,412,893	30
NON-CONTROLLING INTERESTS (Note 4)	41,865	-	3,390	-
Total equity	7,672,267	34	7,416,283	30
TOTAL	$ 22,872,278	100	$ 24,317,298	100

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 4)	$ 36,963,212	100	$ 35,443,444	100
OPERATING COSTS (Note 11)	26,180,545	71	24,184,630	68
GROSS PROFIT	10,782,667	29	11,258,814	32
OPERATING EXPENSES	9,822,012	26	10,433,994	29
PROFIT FROM OPERATIONS	960,655	3	824,820	3
NON-OPERATING INCOME AND EXPENSES				
Interest income	25,151	-	19,984	-
Other income	255,922	1	217,361	1
Gain on disposal of property, plant and equipment (Note 13)	225,690	1	-	-
(Loss) gain on sale of investments, net	(6,977)	-	8,932	-
Foreign exchange gains	68,234	-	368,318	1
Interest expense	(227,639)	(1)	(229,381)	(1)
Other expenses	(172,323)	(1)	(125,977)	-
Loss on disposal of property, plant and equipment	-	-	(25,647)	-
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(17,709)	-	(166,047)	(1)
Total non-operating income and expenses	150,349	-	67,543	-
PROFIT BEFORE INCOME TAX	1,111,004	3	892,363	3
INCOME TAX EXPENSE (Notes 4 and 21)	(284,899)	(1)	(216,343)	(1)
NET PROFIT FOR THE YEAR	826,105	2	676,020	2

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TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (40,281)	-	$ (67,160)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(14,073)	-	(137,606)	(1)
Other comprehensive loss for the year, net of income tax	(54,354)	-	(204,766)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 771,751	2	$ 471,254	1
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 823,012	2	$ 676,029	2
Non-controlling interests	3,093	-	(9)	-
	$ 826,105	2	$ 676,020	2
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 768,703	2	$ 471,346	1
Non-controlling interests	3,048	-	(92)	-
	$ 771,751	2	$ 471,254	1
EARNINGS PER SHARE (Notes 4 and 22)				
Basic	$ 1.61		$ 1.33	
Diluted	$ 1.61		$ 1.32	

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Test-Rite										
	Share Capital			Retained Earnings			Other Equity				
	Share (In Thousands of Share)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016	509,888	$ 5,098,875	$ 673,456	$ 995,491	$ 148,098	$ 538,877	$ (28,882)	$ 25	$ 7,425,940	$ 3,482	$ 7,429,422
Appropriation of 2015 earnings (Note 20)											
Legal reserve	-	-	-	53,888	-	(53,888)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(484,393)	-	-	(484,393)	-	(484,393)
Net profit (loss) for the year ended December 31, 2016	-	-	-	-	-	676,029	-	-	676,029	(9)	676,020
Other comprehensive loss for the year ended December 31, 2016	-	-	-	-	-	(67,160)	(137,523)	-	(204,683)	(83)	(204,766)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	608,869	(137,523)	-	471,346	(92)	471,254
BALANCE AT DECEMBER 31, 2016	509,888	5,098,875	673,456	1,049,379	148,098	609,465	(166,405)	25	7,412,893	3,390	7,416,283
Appropriation of 2016 earnings (Note 20)											
Legal reserve	-	-	-	60,947	-	(60,947)	-	-	-	-	-
Special reserve	-	-	-	-	18,282	(18,282)	-	-	-	-	-
Cash dividends	-	-	(25,494)	-	-	(525,184)	-	-	(550,678)	-	(550,678)
Net profit for the year ended December 31, 2017	-	-	-	-	-	823,012	-	-	823,012	3,093	826,105
Other comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	(40,251)	(14,058)	-	(54,309)	(45)	(54,354)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	782,761	(14,058)	-	768,703	3,048	771,751
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(23,156)	(23,156)
Changes in ownership of subsidiary companies	-	-	-	-	-	(516)	-	-	(516)	58,583	58,067
BALANCE AT DECEMBER 31, 2017	509,888	$ 5,098,875	$ 647,962	$ 1,110,326	$ 166,380	$ 787,297	$ (180,463)	$ 25	$ 7,630,402	$ 41,865	$ 7,672,267

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,111,004	$ 892,363
Adjustments for:		
Depreciation expenses	621,181	685,452
Amortization expenses	130,816	148,317
Impairment loss (reversed) recognized on trade receivables	(3,602)	15,601
Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	17,709	166,047
Interest expense	227,639	229,381
Interest income	(25,151)	(19,984)
Compensation cost of employee share options	42	-
(Gain) loss on disposal and impairment of property, plant and equipment	(225,690)	25,647
Loss on disposal of intangible assets	-	117
Loss (gain) on disposal of investments	6,977	(8,932)
Amortization of unrealized gain on sale-leasebacks	(50,000)	(50,000)
Changes in operating assets and liabilities		
Financial assets held for trading	(201,527)	381,031
Notes receivable	15,771	(332)
Trade receivables	(570,612)	(7,295)
Other receivables	(133,750)	13,704
Inventories	598,982	75,879
Prepayments	51,143	39,577
Other current assets	3,274	332,422
Other financial assets	364	328
Other operating assets	(128,975)	142,878
Notes payable	(12,147)	19,017
Trade payables	(266,425)	(38,503)
Other payables	(226,652)	247,492
Advance receipts	6,979	51,893
Other current liabilities	(74,808)	(34,760)
Other operating liabilities	(60,645)	(76,155)
Cash generated from operations	811,897	3,231,185
Interest received	25,411	19,780
Interest paid	(228,933)	(232,989)
Income tax paid	(268,196)	(203,831)
Net cash generated from operating activities	340,179	2,814,145
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	(13,830)	(163,174)
Proceeds from sale of debt investments with no active market	57,115	229,548
Purchase of financial assets measured at cost	(1,088)	-
Proceeds from sale of financial assets measured at cost	6,211	-
Payments for property, plant and equipment	(223,310)	(1,026,851)

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TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
Proceeds from disposal of property, plant and equipment	$ 463,220	$ 22,447
Decrease in refundable deposits	9,528	157,161
Payments for intangible assets	(13,727)	(23,105)
Net cash generated from (used in) investing activities	284,119	(803,974)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(587,688)	(483,801)
Proceeds (repayments) of short-term bills payable	79,992	(49,966)
Proceeds from long-term borrowings	4,007,172	6,761,305
Repayments of long-term borrowings	(4,462,166)	(7,299,993)
Decrease in guarantee deposits received	(7,098)	(13,262)
Dividends paid	(550,678)	(484,393)
Change in non-controlling interests	34,869	-
Net cash used in financing activities	(1,485,597)	(1,570,110)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	19,882	(40,903)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(841,417)	399,158
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,302,564	1,903,406
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,461,147	$ 2,302,564

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

1. GENERAL INFORMATION

Test-Rite International Co., Ltd. (“Test-Rite” or the “Company”) was established in August 1978.

Test-Rite is engaged mainly in the import and export of hand tools, auto parts, machinery, furniture, and various home appliances. Test-Rite’s marketplaces are primarily located in the United States of America, Canada, Great Britain, France, Germany, Australia, etc.

The Taiwan Securities and Futures Commission approved Test-Rite’s application for listing on the Taiwan Stock Exchange in February 1993.

The consolidated financial statements of Test-Rite and its subsidiaries, hereto forth collectively referred to as the “Group”, are presented in Test-Rite’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by Test-Rite’s board of directors on March 26, 2018.

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

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

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

   <u>Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>

   The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transaction amount or balance with a specific related party is 10% or more of the Group's respective total transaction amount or balance, such transactions should be separately disclosed by the name of each related party.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions is enhanced. Refer to Note 27 for the related disclosures.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by the FSC for application starting from 2018

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendments to IAS 28 are retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 "Financial Instruments" and related amendments

Classification, measurement and impairment of financial assets

With regard to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Group analyzed the facts and circumstances of its financial assets that exist at December 31, 2017 and performed the assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

- Unlisted shares measured at cost will be measured at fair value instead.

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". A loss allowance is required for financial assets measured at amortized cost, investments in debt instruments measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full-lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full-lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Group has performed a preliminary assessment in which it will apply the simplified approach to recognize full-lifetime expected credit losses for trade receivables. In relation to debt instrument investments and financial guarantee contracts, the Group will assess whether there has been a significant increase in credit risk to determine whether to recognize 12-month or full-lifetime expected credit losses. In general, the Group anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

The Group elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2018**
Impact on assets, liabilities and equity			
Financial assets at fair value through other comprehensive income - non-current	$ -	$ 50,349	$ 50,349
Financial assets measured at cost - non-current	75,744	(75,744)	-
Total effect on assets	$ 75,744	$ (25,395)	$ 50,349
Other equity	$ (180,438)	$ (25,395)	$ (205,833)
Total effect on equity	$ (180,438)	$ (25,395)	$ (205,833)

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, the Group recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

3) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

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

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

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

1) IFRS 16 “Leases”

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

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

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

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

2) IFRIC 23 "Uncertainty Over Income Tax Treatments"

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

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

3) Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explained that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

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

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

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

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

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

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

See Note 12 for the detailed information of subsidiaries (including the percentage of ownership and main business).

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Above subsidiary included in consolidated financial statements is based on the financial statements audited by the auditors.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, and in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

Real estate and construction in progress are stated at carrying cost or construction cost by construction project. Interest is capitalized during the construction period.

Constructions in progress and advance construction receipts related to the same construction should be netted. If the netted amount is a debit balance, then it should be recorded in construction in progress, whereas credit balance should be recorded in advance construction receipts.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

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

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

a. Financial assets

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

   1) Measurement categories

      Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, loans and receivables and financial assets measured at cost.

a) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are either held for trading or designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b) Loans and receivables

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

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

c) Financial assets measured at cost

Investments in equity instruments under available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are subsequently measured at cost less any identified impairment loss at the end of each reporting period.

2) Impairment of financial assets

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

For financial assets measured at amortized cost, such as trade receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables for estimating irrecoverable amounts could include the aging of receivables, historical experience with the counterparties and an analysis of their current financial positions.

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

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

3) Derecognition of financial assets

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

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

b. Financial liabilities

1) Subsequent measurement

Except financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) Derecognition of financial liabilities

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

c. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale based on past experience and other relevant factors.

a. Sale of goods

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

1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The sales of goods that result in awarded credits for customers, under the Group's award scheme, is accounted for as a multiple element revenue transaction, and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the awarded credits is measured by reference to their fair value, i.e. the amount for which the awarded credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the awarded credits are redeemed and the Group's obligations have been fulfilled.

b. Rendering of services

Service income is recognized when services are provided.

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

c. Dividend and interest income

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

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

Leasing

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Group as lessee

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

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Share-based Payment Arrangements

The fair value at the grant date of the employee share options granted to employee that is vesting immediately is recognized as an expense in full at the grant date, based on the Group's best estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimated Impairment of Trade Receivables

When there is objective evidence of impairment loss on trade receivables, the Group takes into consideration the estimation of future cash flows of such receivables. The amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
Cash on hand	$ 47,682	$ 52,825
Checking accounts and demand deposits	1,377,522	2,118,330
Cash equivalents	35,943	131,409
	$ 1,461,147	$ 2,302,564

The time deposits with original maturities of more than 3 months were $237,683 thousand and $280,968 thousand, respectively, as of December 31, 2017 and 2016 and reclassified to debt investments with no active market (see Note 9).

The following time deposits of the Group were pledged as for purchases of raw materials and collaterals warranties of construction and reclassified to refundable deposits paid:

	December 31	
	2017	2016
Time deposits	$ 5,000	$ 39,537

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2017	2016
Financial assets held for trading - current		
Derivative financial assets		
Foreign exchange forward contracts	$ 32,003	$ 63,871
Non-derivative financial assets		
Equity securities listed in open market	34,132	52,711
Mutual funds	42,092	-
Corporate bonds	33,357	32,844
Financial products	488,557	302,401
	$ 630,141	$ 451,827
Financial liabilities held for trading - current		
Derivative financial liabilities		
Foreign exchange forward contracts	$ 40,159	$ 51,019
	$ 40,159	$ 51,019

Outstanding forward exchange contracts as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
December 31, 2017			
Forward exchange contracts - sell	US$/NT$	2018.01.02-2018.07.24	US$241,000/NT$7,193,368
Forward exchange contracts - buy	US$/NT$	2018.01.02-2018.08.14	US$293,000/NT$8,745,464
Forward exchange contracts - sell	EUR/US$	2018.02.02	EUR100/US$120
Forward exchange contracts - buy	EUR/US$	2017.03.16-2018.07.13	US$16,972/EUR15,165
Forward exchange contracts - sell	US$/EUR	2018.01.18-2018.08.13	US$703/EUR604
Forward exchange contracts - sell	AUD/EUR	2018.09.03	AUD113/EUR73
December 31, 2016			
Forward exchange contracts - sell	US$/NT$	2017.01.03-2017.12.26	US$357,950/NT$11,554,268
Forward exchange contracts - buy	US$/NT$	2017.01.04-2017.12.20	US$375,000/NT$12,104,625
Forward exchange contracts - sell	EUR/US$	2017.01.25	EUR100/US$106
Forward exchange contracts - buy	EUR/US$	2016.10.14-2017.06.27	US$25,829/EUR22,521
Forward exchange contracts - sell	US$/EUR	2017.01.27-2017.09.11	US$4,366/EUR4,056
Forward exchange contracts - sell	GBP/EUR	2017.06.12	GBP120/EUR140

The Group entered into derivative contracts to manage exposures to exchange rate fluctuations of foreign-currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2017	2016
Domestic investments		
Domestic unlisted common shares	$ 42,120	$ 42,120
Foreign investments		
Overseas unlisted common shares	33,624	51,655
	$ 75,744	$ 93,775
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 75,744	$ 93,775

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

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2017	2016
Current		
Time deposits with original maturity more than 3 months (Note 6)	$ 2,222	$ 172,069
Non-current		
Time deposits with original maturity more than 12 months (Note 6)	$ 235,461	$ 108,899

As of December 31, 2017 and 2016, debt investments with no active market - current of $105,671 thousand and $119,999 thousand, respectively, were pledged as collateral for borrowings and for a retail store (see Note 29).

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2017	2016
Notes receivable	$ 46,054	$ 61,825
Less: Allowance for impairment loss	-	-
	46,054	61,825
Trade receivables	3,028,546	2,465,786
Less: Allowance for impairment loss	(51,191)	(62,645)
	2,977,355	2,403,141
	$ 3,023,409	$ 2,464,966

The average credit period of sales of goods was 90 days. In determining the collectability of a trade receivable, the Group considered any change in the credit quality of the trade receivable from the date credit was initially granted to the balance sheet date. Allowance for impairment loss is recognized based on estimated uncollectable amounts determined by reference to the aging of receivables, historical trading records with the counterparties and an analysis of their current financial position.

The aging of receivables was as follows:

	December 31	
	2017	2016
Not due	$ 2,777,422	$ 2,014,908
Up to 30 days	73,839	257,788
31-60 days	45,707	43,541
61-365 days	69,224	67,537
More than 365 days	62,354	82,012
	$ 3,028,546	$ 2,465,786

The above aging schedule was based on the past due date.

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

	December 31	
	2017	2016
Up to 30 days	$ 73,810	$ 257,280
31-60 days	45,692	43,211
More than 60 days	19,009	10,722
	$ 138,511	$ 311,213

The above aging schedule was based on the past due date.

The movements of the allowance for impairment loss were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	$ 625	$ 28,681	$ 29,306
Add: Impairment loss recognized on receivables	13,609	1,992	15,601
Less: Amounts written off during the year as uncollectable	(336)	-	(336)
Add: Reclassified	18,679	-	18,679
Foreign exchange differences	(572)	(33)	(605)
Balance at December 31, 2016	$ 32,005	$ 30,640	$ 62,645
Balance at January 1, 2017	$ 32,005	$ 30,640	$ 62,645
Add: Impairment losses (reversed) recognized on receivables	(8,521)	4,919	(3,602)
Less: Amounts written off during the year as uncollectable	(6,635)	(10)	(6,645)
Foreign exchange differences	(1,209)	2	(1,207)
Balance at December 31, 2017	$ 15,640	$ 35,551	$ 51,191

The trade receivables factoring are summarized as follows:

(Unit: US$ in Dollars; NT$ in Thousands)

Counterparties	Balance at Beginning of Year	Factoring During the Year	Amounts Collected During the Year	Balance at End of Year	Balance at End of Year of Advances Received	Interest Rates on Advances Received (%)	Retention for Factoring	Credit Line	Collateral
2017									
Standard Chartered	$ -	$ 429,810 (Note 2)	$ 429,810 (Note 3)	$ -	$ -	-	$ -	US$40,200,000	-
KGI Bank	$ -	$ 15,683 (Note 2)	$ 11,810 (Note 3)	$ 3,873 (Note 4)	$ -	-	$ -	US$ 500,000	-
2016									
Taishin International Bank	$ 15,749 (Note 1)	$ 22,082 (Note 2)	$ 37,831 (Note 3)	$ -	$ -	-	$ -	US$3,800,000	-

Test-Rite concluded an accounts receivable factoring agreement with Standard Chartered. The agreement declared that the bank has no right of further recourse against Test-Rite. According to the agreement, Test-Rite only has to be responsible for loss that resulted from business disputes.

Test-Rite concluded an accounts receivable factoring agreement with KGI Bank. The agreement declared that the bank has no right of further recourse against Test-Rite. According to the agreement, Test-Rite only has to be responsible for loss that resulted from business disputes.

International Art Enterprise concluded an accounts receivable factoring agreement with Taishin International Bank. The agreement declared that the bank has no right of further recourse against International Art Enterprise. According to the agreement, International Art Enterprise only has to be responsible for loss that resulted from business disputes.

Note 1: US$487,898

Note 2: US$14,399,964; US$525,436; US$684,103; shown respectively from top to bottom of column

Note 3: US$14,399,964; US$395,682; US$1,172,001; shown respectively from top to bottom of column

Note 4: US$129,754

The above credit lines may be used on a revolving basis.

11. INVENTORIES

	December 31 2017	December 31 2016
Merchandise - retail	$ 3,865,292	$ 4,488,189
Merchandise - trade	1,927,098	2,094,915
Construction land	125,149	53,131
Construction in progress	126,209	6,495
	$ 6,043,748	$ 6,642,730

The cost of inventories recognized as operating costs for the years ended December 31, 2017 and 2016 was $24,168,224 thousand and $22,084,954 thousand, respectively.

The operating costs include reversals of inventory write-downs in the amount of $31,301 thousand and a loss on physical inventory count in the amount of $51,798 thousand for the year ended December 31, 2017; the operating costs include inventory write-downs in the amount of $55,656 thousand and a loss on physical inventory count in the amount of $59,265 thousand for the year ended December 31, 2016 which were reversed as a result of the recovery of devalued inventory previously written down.

Merchandise - retail includes the balance of inventories of Test-Rite Retailing Co., Ltd., Test-Rite Retail, Test-Rite Home Service, Chung Cin Enterprise, Testrite Brand Agency and Test-Rite C&B.

Merchandise - trade includes the balance of inventories of Test-Rite, Test-Rite Pte Ltd., Test-Rite Development GmbH, Test-Rite International (U.S.) Co., Ltd. and Test Cin M&E Engineering.

Construction land includes the balance of inventories of Chung Cin Enterprise.

Construction in progress includes the balance of inventories of Chung Cin Enterprise, Tony Construction, Test Cin M&E Engineering, Chung Cin Interior Design Construction.

12. SUBSIDIARIES

Subsidiaries included in consolidated financial statements:

Investor	Subsidiaries	Main Businesses	% of Ownership December 31		Remark
			2017	2016	
Test-Rite International Co., Ltd.	Fortune Miles Trading Inc.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Star Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite International Co., Ltd.	Investment in various industries	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Retailing Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Trading Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Pte. Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Product (Hong Kong) Limited.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Int’l (Australia) Pty Limited.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Canada Co., Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite (UK), Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Development GMBH	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Upmaster International Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd. and Upmaster Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Viet Nam Co., Ltd.	Importation and exportation	95.00	95.00	Note 1
Test-Rite International Co., Ltd.	Lih Chiou Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Lih Teh International Co., Ltd.	Logistics services	100.00	100.00	
Test-Rite International Co., Ltd.	B&S Link Co., Ltd. (original Pro-quality Service Co., Ltd.)	Providing information software and electronic information	100.00	100.00	Note 2
Test-Rite International Co., Ltd.	Fusion International Distribution, Inc.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Chung Cin Enterprise Co., Ltd.	Authorized builder to build dwelling, rental and sale of building	95.60	100.00	Note 3
Test-Rite International Co., Ltd. and Lih Chiou Co., Ltd.	Test-Rite Retail Co., Ltd.	Sale of house decoration hardware and construction materials	100.00	100.00	
Test-Rite International Co., Ltd.	International Art Enterprise Co., Ltd.	Trading of leisure goods	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Tony Construction Co., Ltd.	Build and civil engineering	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Test Cin M&E Engineering Co., Ltd.	Mechanical and electronic engineering	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Chung Cin Interior Design Construction Co., Ltd.	Interior design	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Viet Han Co., Ltd.	Importation and exportation	100.00	100.00	
Test-Rite Retail	Test-Rite Home Service Co., Ltd.	Interior design	100.00	100.00	
Test-Rite Retail	Hola Homefurnishings Co., Ltd.	Sales of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
Test-Rite Retail	Testrite Brand Agency Co., Ltd.	Sales of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
Test-Rite Retail	Test-Rite C&B Co., Ltd.	Sales of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
B&S Link Co., Ltd. (original Pro-quality Service Co., Ltd.)	Home Intelligence Co., Ltd.	Other information provision services	100.00	-	Note 4

Note 1: Test-Rite Vietnam Co., Ltd. decided on dissolution in September 2015 but has yet to be liquidated.

Note 2: Pro-quality Service Co., Ltd. was renamed B&S Link Co., Ltd. in September 2017 and its main business was changed to providing information software and electronic information.

Note 3: On June 30, 2017, the Company's ownership percentage of Chung Cin Enterprise Co., Ltd. was reduced from 100% to 95.60% because the Company did not subscribe for all of the additional new shares issued by Chung Cin Enterprise Co., Ltd.

Note 4: Home Intelligence Co., Ltd. was established in September 2017.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2017	December 31 2016
Land	$ 545,512	$ 545,512
Buildings and improvements	1,850,368	2,040,142
Machinery and equipment	2,363	35,052
Transportation equipment	14,910	17,478
Furniture, fixtures and office equipment	127,751	152,998
Leasehold improvements	2,844,260	3,070,181
Molds and tools	19,637	7,977
Other equipment	175,461	150,537
Prepayments for property, plant and equipment	38,097	152,035
	$ 5,618,359	$ 6,171,912

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Leasehold Improvements	Molds and Tools	Other Equipment	Prepayments for Property, Plant and Equipment	Total
Cost										
Balance at January 1, 2016	$ 545,512	$ 2,784,279	$ 88,045	$ 75,091	$ 883,805	$ 8,007,220	$ 9,019	$ 810,900	$ 387,321	$13,591,192
Additions	-	21,221	2,667	4,392	32,000	477,809	7,733	7,639	411,227	964,688
Disposals	-	(427)	(418)	(10,927)	(68,323)	(51,475)	(1,198)	(46,457)	(7,173)	(186,398)
Reclassified	-	(4,650)	10,958	(271)	3,586	411,570	-	29,233	(638,912)	(188,486)
Effect of foreign currency exchange differences	-	(13,926)	(7,070)	(4,654)	(16,570)	(128,037)	(85)	(11,754)	(428)	(182,524)
Balance at December 31, 2016	$ 545,512	$ 2,786,497	$ 94,182	$ 63,631	$ 834,498	$ 8,717,087	$ 15,469	$ 789,561	$ 152,035	$13,998,472
Accumulated depreciation and impairment										
Balance at January 1, 2016	$ -	$ 645,561	$ 56,450	$ 52,242	$ 699,317	$ 5,089,331	$ 5,712	$ 631,349	$ -	$ 7,179,962
Depreciation expense	-	108,154	8,014	8,360	52,972	441,423	3,028	63,501	-	685,452
Disposals	-	(342)	(529)	(10,792)	(55,611)	(24,906)	(1,198)	(44,926)	-	(138,304)
Reclassified	-	(5)	-	(271)	(4,017)	216,318	-	(2,513)	-	209,512
Effect of foreign currency exchange differences	-	(7,013)	(4,805)	(3,386)	(11,161)	(75,260)	(50)	(8,387)	-	(110,062)
Balance at December 31, 2016	$ -	$ 746,355	$ 59,130	$ 46,153	$ 681,500	$ 5,646,906	$ 7,492	$ 639,024	$ -	$ 7,826,560
Carrying amounts at December 31, 2016	$ 545,512	$ 2,040,142	$ 35,052	$ 17,478	$ 152,998	$ 3,070,181	$ 7,977	$ 150,537	$ 152,035	$ 6,171,912
Cost										
Balance at January 1, 2017	$ 545,512	$ 2,786,497	$ 94,182	$ 63,631	$ 834,498	$ 8,717,087	$ 15,469	$ 789,561	$ 152,035	$13,998,472
Additions	-	19,358	2,800	2,413	14,231	31,775	8,340	7,890	137,808	224,615
Disposals	-	(105,665)	(2,731)	(7,423)	(34,623)	(74,215)	(1,123)	(54,298)	(6,494)	(286,572)
Reclassified	-	(140,447)	(64,552)	2,244	25,350	(44,887)	21,847	168,328	(245,183)	(277,300)
Effect of foreign currency exchange differences	-	(18,320)	(2,948)	(717)	(4,644)	(36,984)	(404)	(3,352)	(69)	(67,438)
Balance at December 31, 2017	$ 545,512	$ 2,541,423	$ 26,751	$ 60,148	$ 834,812	$ 8,592,776	$ 44,129	$ 908,129	$ 38,097	$13,591,777
Accumulated depreciation and impairment										
Balance at January 1, 2017	$ -	$ 746,355	$ 59,130	$ 46,153	$ 681,500	$ 5,646,906	$ 7,492	$ 639,024	$ -	$ 7,826,560
Depreciation expense	-	106,992	4,182	5,241	40,488	375,867	4,030	84,381	-	621,181
Disposals	-	(50,006)	(1,438)	(6,247)	(31,199)	(69,440)	(1,041)	(52,966)	-	(212,337)
Reclassified	-	(99,941)	(35,305)	732	19,238	(416,840)	14,311	65,023	-	(452,782)
Effect of foreign currency exchange differences	-	(12,345)	(2,181)	(641)	(2,966)	212,023	(300)	(2,794)	-	190,796
Balance at December 31, 2017	$ -	$ 691,055	$ 24,388	$ 45,238	$ 707,061	$ 5,748,516	$ 24,492	$ 732,668	$ -	$ 7,973,418
Carrying amounts at December 31, 2017	$ 545,512	$ 1,850,368	$ 2,363	$ 14,910	$ 127,751	$ 2,844,260	$ 19,637	$ 175,461	$ 38,097	$ 5,618,359

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

Buildings and improvements	35-60 years
Machinery and equipment	2-20 years
Transportation equipment	3-5 years
Furniture, fixtures and office equipment	3-10 years
Leasehold improvements	3-20 years
Molds and tools	2-10 years
Other equipment	3-17 years

Test-Rite sold a real property and leased it back immediately in consideration of business strategies. Under IFRSs, if the sale price is fair value, the sale and leaseback should be recognized immediately to the profit or loss; sale price is higher than the fair value should be deferred and expect to be amortized over lease term. For the years ended December 31, 2017 and 2016, the amortization of unrealized gain was $50,000 thousand, which was treated as a reduction of rental cost. As of December 31, 2016, the unrealized gain was $50,000 thousand, which were recorded: The current portion of $50,000 thousand as other current liabilities. On December 26, 2017, the unrealized gain was amortized completely.

In October 2017, Test-Rite Business Development Co., Ltd. sold buildings and improvements in Futan District, Shenzhen to non-related parties for $292,630 thousand, and the net gain on disposal of the property was $358,248 thousand. The selling price was determined based on a professional appraisal report.

In March 2018, Test-Rite Business Development Co., Ltd. signed a purchase agreement with non-related parties to acquire buildings and improvements. The amount of the acquisition totaled $1,773,359 thousand, and the buying price was determined based on a professional appraisal report.

14. GOODWILL

	For the Year Ended December 31	
	2017	**2016**
Balance at January 1	$ 2,335,902	$ 2,342,753
Foreign exchange differences	497	(6,851)
Balance at December 31	$ 2,336,399	$ 2,335,902

The carrying amount of goodwill was allocated to cash-generating units as follows:

	December 31	
	2017	**2016**
Retail	$ 2,116,399	$ 2,118,310
Trading	200,607	198,199
Others	19,393	19,393
	$ 2,336,399	$ 2,335,902

For the years ended December 31, 2017 and 2016, the Company evaluated the recoverable amounts of the above three cash-generating units, and no indication of impairment was found.

The calculation of value in use was based on expected future cash flows of financial budgets approved by management covering a five-year period and the growth rate used in preparing the budgets was based on the prediction of related industry.

15. OTHER INTANGIBLE ASSETS

	December 31	
	2017	2016
Computer software	$ 159,317	$ 157,343
Others	75,391	78,712
	$ 234,708	$ 236,055

	Computer Software	Others	Total
Cost			
Balance at January 1, 2016	$ 701,511	$ 102,888	$ 804,399
Additions	19,992	3,113	23,105
Disposals	(135,147)	-	(135,147)
Reclassified	38,092	1,580	39,672
Foreign exchange translation differences	(3,764)	(4,681)	(8,445)
Balance at December 31, 2016	$ 620,684	$ 102,900	$ 723,584
Accumulated amortization and impairment			
Balance at January 1, 2016	$ 519,861	$ 14,003	$ 533,864
Amortization expense	138,946	9,371	148,317
Disposals	(135,030)	-	(135,030)
Reclassified	(58,416)	1,580	(56,836)
Foreign exchange translation differences	(2,020)	(766)	(2,786)
Balance at December 31, 2016	$ 463,341	$ 24,188	$ 487,529
Carrying amounts at December 31, 2016	$ 157,343	$ 78,712	$ 236,055
Cost			
Balance at January 1, 2017	$ 620,684	$ 102,900	$ 723,584
Additions	10,971	2,756	13,727
Disposals	(42,041)	(532)	(42,573)
Reclassified	70,874	(5,576)	65,298
Foreign exchange translation differences	(3,538)	3,808	270
Balance at December 31, 2017	$ 656,950	$ 103,356	$ 760,306
Accumulated amortization and impairment			
Balance at January 1, 2017	$ 463,341	$ 24,188	$ 487,529
Amortization expense	121,822	8,994	130,816
Disposals	(42,041)	(532)	(42,573)
Reclassified	(52,755)	(5,576)	(58,331)
Foreign exchange translation differences	7,266	891	8,157
Balance at December 31, 2017	$ 497,633	$ 27,965	$ 525,598
Carrying amounts at December 31, 2017	$ 159,317	$ 75,391	$ 234,708

Other intangible assets were depreciated on a straight-line basis over the estimated useful lives as follows:

Computer software	3-5 years
Customer relationship	7-15 years
Business strife limitation	3 years

16. BORROWINGS

	December 31	
	2017	2016
Short-term borrowings	$ 1,211,838	$ 1,799,526
Short-term bills payable	$ 79,992	$ -
Current portion of long-term borrowings	$ 1,225,000	$ 600,000
Long-term borrowings	$ 4,491,928	$ 5,571,922

a. Short-term borrowings as of December 31, 2017 and 2016 were as follows:

	December 31	
	2017	2016
Unsecured borrowings		
Line of credit borrowings	$ 1,211,838	$ 1,799,526

The range of weighted average effective interest rate on bank loans was 0.92%-4.0% and 0.95%-4.5% per annum as of December 31, 2017 and 2016, respectively.

b. Short-term bills payable

	December 31	
	2017	2016
Commercial paper	$ 80,000	$ -
Less: Unamortized discount on bills payable	(8)	-
	$ 79,992	$ -

c. Long-term borrowings

	December 31		
	2017		2016
	Interest Rate	Amount	Amount
First Commercial Bank’s Syndicated Loan			
Unsecured loan from June 24, 2015 to June 24, 2020. Authorized credit line of $5,980 million. Principal due on June 24, 2020.	1.7895%	$ 1,050,000	$ 3,200,000
Unsecured loan from June 17, 2015 to June 17, 2020. Authorized credit line of $4,480 million. Principal due on June 17, 2020.	2.8858%-3.1818%	1,014,832	742,417

(Continued)

	December 31		
	2017		2016
	Interest Rate	Amount	Amount
First Commercial Bank and Taiwan Business Bank’s Syndicated Loan			
Unsecured loan from July 16, 2012 to July 16, 2019. Authorized credit line of US$29,000 thousand. Principal due in annual installments with the first installment due on July 16, 2017. On July 17, 2017, the Company paid the principal of as $8,000 thousand in advance.	-	$ -	$ 484,185
Unsecured loan from July 16, 2012 to July 16, 2019. Authorized credit line of US$29,000 thousand. Principal due on July 16, 2019.	3.18%-3.56%	656,656	193,674
First Commercial Bank			
Unsecured loan from June 27, 2017 to September 26, 2020. Authorized credit line of $500 million. Principal due on September 26, 2020.	1.50%	500,000	-
Chang Hwa Bank			
Unsecured loan from September 30, 2016 to September 30, 2019. Authorized credit line of $200 million. Principal due on September 30, 2019.	1.59%	200,000	200,000
Taishin International Bank			
Unsecured loan from November 10, 2017 to February 8, 2018. Authorized credit line of $300 million. Authorized period from May 18, 2015 to May 31, 2018. Principal due on February 8, 2018.	1.45%	300,000	300,000
Unsecured loan from December 21, 2017 to December 21, 2019. Authorized credit line of $700 million. Principal due on December 21, 2019.	2.77%	283,556	-
KGI Bank			
Unsecured loan from November 10, 2017 to February 13, 2019. Authorized credit line of US$5,000 thousand. Authorized period from February 8, 2017 to February 13, 2019. Principal due on February 13, 2019.	2.0432%-2.0439%	149,240	-
Unsecured loan from March 27, 2017 to March 27, 2019. Authorized credit line of $300 million. Principal due on March 27, 2019.	2.161078%	283,556	-
Taiwan Business Bank			
Unsecured loan from December 22, 2016 to December 22, 2019. Authorized credit line of $600 million. Principal due on December 22, 2019.	1.508%	300,000	300,000

(Continued)

	December 31		
	2017		2016
	Interest Rate	Amount	Amount
Export-Import Bank of the Republic of China			
Unsecured loan from November 18, 2013 to November 19, 2018. Authorized credit line of US$4 million. Principal is due in 5 semi-annual installments with the first installment due at the time of the first interest payment after the first 3 years since the initial borrowing. Interest is paid quarterly. On June 21, 2017, the Company paid the principal in full in advance.	-	$ -	$ 51,646
O-Bank			
Unsecured loan from December 20, 2017 to March 30, 2018. Authorized credit line of $200 million. Principal due on March 30, 2018.	1.5415%	200,000	-
Unsecured loan from December 29, 2015 to December 29, 2018. Authorized credit line of $200 million. On November 28, 2017, the Company paid the principal in full in advance.	-	-	200,000
Unsecured loan from September 26, 2016 to February 22, 2017. Authorized credit line of $200 million. Principal due on February 22, 2017.	-	-	200,000
Cathay United Bank			
Unsecured loan from December 21, 2017 to March 21, 2018. Authorized credit line of $200 million. Authorized period from September 29, 2017 to September 13, 2019. Principal due on March 21, 2018.	1.45%	200,000	-
Hua Nan Bank			
Unsecured loan from April 28, 2017 to April 28, 2019. Authorized credit line of $300 million. Principal due on April 28, 2019.	1.50789%	200,000	-
Unsecured loan from November 15, 2016 to November 15, 2018. Authorized credit line of $300 million. On February 17, 2017, the Company paid the principal in full in advance.	-	-	300,000
Jih Sun Bank			
Unsecured loan from December 21, 2017 to April 27, 2019. Authorized credit line of US$10,000 thousand. Principal due on April 27, 2019.	1.50%	200,000	-

(Continued)

	December 31		
	2017		2016
	Interest Rate	Amount	Amount
E.SUN Bank			
Unsecured loan from December 26, 2017 to December 20, 2019. Authorized credit line of US$6,000 thousand. Principal due on December 20, 2019.	2.50%	$ 119,392	$ -
SinoPac Bank			
Unsecured loan from December 28, 2017 to December 28, 2019. Authorized credit line of US$30,000 thousand. Principal due on December 28, 2019.	2.7484%	59,696	-
Less current portion		(1,225,000)	(600,000)
		$ 4,491,928	$ 5,571,922

(Concluded)

Test-Rite promised to maintain the following financial covenants according to the loan agreements:

1) First Commercial Bank Syndicated Loan

   a) For the Total Liabilities Ratio, Test-Rite shall maintain a ratio of Total Liabilities to Total Assets of no more than 2 to 1.

   b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

   c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of greater than 2.5 to 1.

   d) For the Minimum Tangible Net Worth, Test-Rite shall maintain Tangible Net Worth of no less than $5,200,000 thousand.

   e) The calculations of the ratios are based on the parent company only financial statements of Test-Rite for each year ended December 31.

2) Taishin International Bank Loan

   a) For the Total Liabilities Ratio, Test-Rite shall maintain a ratio of Total Liabilities to Total Assets of no more than 2 to 1.

   b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

   c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of greater than 2.5 to 1.

   d) For the Minimum Tangible Net Worth, Test-Rite shall maintain Tangible Net Worth of no less than $5,200,000 thousand.

   e) The calculations of the ratios are based on the parent company only financial statements of Test-Rite for each year ended December 31.

3) SinoPac Bank Loan

   a) For the Total Liabilities Ratio, Test-Rite shall maintain a ratio of Total Liabilities to Total Assets of no more than 2 to 1.

   b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

   c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of greater than 2.5 to 1.

   d) For the Minimum Tangible Net Worth, Test-Rite shall maintain Tangible Net Worth of no less than $5,200,000 thousand.

   e) The calculations of the ratios are based on the parent company only financial statements of Test-Rite for each year ended December 31.

4) First Commercial Bank and Taiwan Business Bank's Syndicated Loan

   a) For the Total Liabilities Ratio, Test-Rite shall maintain a ratio of Total Liabilities to Total Assets of no more than 2 to 1.

   b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

   c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of greater than 2.5 to 1.

   d) For the Minimum Tangible Net Worth, Test-Rite shall maintain Tangible Net Worth of no less than $5,200,000 thousand.

   e) The calculations of the ratios are based on the parent company only financial statements of Test-Rite for each year ended December 31.

5) Test-Rite Retail promised to maintain the following financial covenants according to the loan agreements with O-Bank:

   a) For the Total Liabilities Ratio, Test-Rite Retail shall maintain a ratio of Total Liabilities to Total Assets of no more than 2 to 1.

   b) For the Current Ratio, Test-Rite Retail shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

   c) For the EBITDA Ratio, Test-Rite Retail shall maintain a ratio of EBITDA to Interest Expense of greater than 3 to 1.

   d) The calculations of the ratios are based on the parent company only financial statements of Test-Rite Retail for each year ended December 31.

6) Test-Rite Retail promised to maintain the following financial covenants according to the loan agreements with Taishin International Bank:

   a) For the Total Liabilities Ratio, Test-Rite Retail shall maintain a ratio of Total Liabilities to Total Assets of no more than 1 to 1.

b) For the Current Ratio, Test-Rite Retail shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

c) For the EBITDA Ratio, Test-Rite Retail shall maintain a ratio of EBITDA to Interest Expense of greater than 3 to 1.

d) The calculations of the ratios are based on the parent company only financial statements of Test-Rite Retail for each year ended December 31.

17. PROVISIONS

	December 31	
	2017	**2016**
Decommissioning cost (included in other non-current liabilities)	$ 61,335	$ 59,965
Sales returns and discounts (included in other payables)	44,173	53,937
Employee benefits (included in other payables)	12,711	8,303
	$ 118,219	$ 122,205
Current	$ 56,884	$ 62,240
Non-current	61,335	59,965
	$ 118,219	$ 122,205

a. The provision of decommissioning cost represents the present value of the cost of clearing away and recovering property, plant and equipment. The estimated cost was required by laws and contracts.

b. The provision of customer returns and discounts was based on historical experience, management's judgments and other known reasons. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

c. The provision for employee benefits represents annual leave and vested long service leave entitlements accrued and compensation claims made by employees.

18. OTHER PAYABLES

	December 31	
	2017	**2016**
Accrued expenses	$ 1,031,859	$ 1,279,776
Payable for purchase of equipment	23,664	24,969
Bonuses payable to employees	17,196	16,782
Bonuses payable to directors and supervisors	30,178	29,520
Allowance of sales returns and discounts	44,173	53,937
Payable for employee benefits	12,711	8,303
Others	268,055	243,800
	$ 1,427,836	$ 1,657,087

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2017	**2016**
Present value of defined benefit obligation	$ 428,447	$ 452,039
Fair value of plan assets	(300,009)	(317,413)
	128,438	134,626
Defined benefit asset (included in other non-current assets)	21,700	37,636
Net defined benefit liability (included in net defined benefit liabilities - non-current)	$ 150,138	$ 172,262

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2016	$ 427,231	$ (298,840)	$ 128,391
Service cost			
Current service cost	4,275	-	4,275
Net interest expense (income)	6,782	(5,031)	1,751
Recognized in profit or loss	11,057	(5,031)	6,026
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	2,731	2,731
Actuarial loss - changes in financial assumptions	23,196	-	23,196
Actuarial loss - experience adjustments	10,920	-	10,920
Actuarial loss - changes in demographic assumptions	30,313	-	30,313
Recognized in other comprehensive income	64,429	2,731	67,160

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Contributions from the employer	$ -	$ (66,098)	$ (66,098)
Benefits paid	(48,941)	48,941	-
Others	(1,737)	884	(853)
Balance at December 31, 2016	452,039	(317,413)	134,626
Service cost			
Previous service cost	2,700	-	2,700
Current service cost	4,378	-	4,378
Net interest expense (income)	6,090	(4,216)	1,874
Recognized in profit or loss	13,168	(4,216)	8,952
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(248)	(248)
Actuarial loss - changes in financial assumptions	(1,172)	-	(1,172)
Actuarial loss - experience adjustments	5,325	351	5,676
Actuarial loss - changes in demographic assumptions	36,025	-	36,025
Recognized in other comprehensive income	40,178	103	40,281
Contributions from the employer	-	(56,031)	(56,031)
Benefits paid	(78,684)	78,684	-
Others	1,746	(1,136)	610
Balance at December 31, 2017	$ 428,447	$ (300,009)	$ 128,438

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2017	2016
Selling and marketing expenses	$ 8,952	$ 6,026

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2017	**2016**
Discount rate	1.200%- 1.8700%	1.125%- 2.500%
Expected rate of salary increase	2.000%- 3.000%	2.000%- 3.000%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2017	**2016**
Discount rate		
0.25%-0.5% increase	$ (12,458)	$ (12,339)
0.25%-0.5% decrease	$ 13,003	$ 12,858
Expected rate of salary increase		
0.25%-1% increase	$ 14,610	$ 14,437
0.25%-1% decrease	$ (13,784)	$ (13,629)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2017	**2016**
The expected contributions to the plan for the next year	$ 11,918	$ 12,691
The average duration of the defined benefit obligation	11.00- 19.00 years	9.80- 19.00 years

20. EQUITY

a. Share capital

	December 31	
	2017	**2016**
Number of shares authorized (in thousands)	750,000	750,000
Shares authorized	$ 7,500,000	$ 7,500,000
Number of shares issued and fully paid (in thousands)	509,888	509,888
Shares issued	$ 5,098,875	$ 5,098,875

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

As of December 31, 2017, Test-Rite's outstanding share capital consists of $5,098,875 thousand.

b. Capital surplus

	December 31	
	2017	2016
Additional paid-in capital - issuance of shares in excess of par	$ 647,962	$ 673,456

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, treasury share transactions and donations) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

The shareholders held their regular meeting on June 23, 2016 and, in that meeting, resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to Note 25.

The dividends policy of Test-Rite is as follows:

The dividends policy is designed for Test-Rite to achieve its business plan and, at the same time, maintain shareholders' benefits. Distribution is made through share dividends, common shares from capital surplus and cash dividends. Cash dividends shall not be less than 10% of the total distribution. However, if cash dividends per share are less than $0.1, share dividends could be distributed instead of cash dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash. Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' meetings on June 15, 2017 and June 23, 2016, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
Legal reserve	$ 60,947	$ 53,888	$ -	$ -
Special reserve	18,282	-	-	-
Cash dividends	525,184	484,393	1.03	0.95

The Company's shareholders also resolved to issue cash dividends from capital surplus of $25,494 thousand in the shareholders' meeting on June 15, 2017. The appropriation of earnings for 2017 had been proposed by the Company's board of directors on March 26, 2018. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 78,730	$ -
Special reserve	14,058	-
Cash dividends	611,865	1.20

The appropriation of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on June 19, 2018.

d. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in a foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of foreign operations.

2) Unrealized gains (loss) on available-for-sale financial assets

Unrealized gains (loss) on available-for-sale financial assets represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss, when those assets have been disposed of or are determined to be impaired.

21. INCOME TAX

a. Major components of income tax expense (benefit) recognized in profit or loss:

	For the Year Ended December 31	
	2017	2016
In respect of the current year	$ 151,166	$ 262,156
Adjustments to deferred tax assets	129,608	(46,639)
Adjustments for prior periods	4,125	826
	$ 284,899	$ 216,343

b. A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2017	2016
Profit before tax		
Income tax expense calculated at the statutory rate	$ 300,960	$ 460,849
Decrease in tax resulting from other adjustments of permanent differences		
Tax-exempt income	(149,794)	(198,693)
Adjustments to deferred tax assets	129,608	(46,639)
Adjustments for prior periods	4,125	826
Income tax expense recognized in profit or loss	$ 284,899	$ 216,343

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company in ROC. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

In February 2018, it was announced that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and increase by $116,778 thousand and $354 thousand, respectively, in 2018.

c. The information of Test-Rite about integrated income tax was summarized as follows:

	December 31	
	2017	2016
Unappropriated earnings		
Unappropriated earnings generated on and after January 1, 1998	$ - (Note)	$ 609,465
Imputation credits account	$ - (Note)	$ 648,860

	For the Year Ended December 31	
	2017	2016
Creditable ratio for distribution of earnings	(Note)	20.48%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

d. Income tax assessments

The income tax returns of Test-Rite for years through 2014 have been examined and approved by the tax authority.

22. EARNINGS PER SHARE

For the years ended December 31, 2017 and 2016, the amounts of earnings per share were calculated as follows:

	2017		
	Amounts (Numerator)		**EPS (NT$)**
	Parent Co. Shareholders Income After Tax	**Shares (Denominator) (In Thousands)**	**Parent Co. Shareholders Income After Tax**
Basic earnings per share			
Net income to shareholders of common shares	$ 823,012	509,888	$ 1.61
The effects of dilutive potential common shares			
Compensation to employees		439	
Diluted earnings per share			
Net income to shareholders of common shares and the effects of potential common shares	$ 823,012	510,327	$ 1.61

	2016		
	Amounts (Numerator)		**EPS (NT$)**
	Parent Co. Shareholders Income After Tax	**Shares (Denominator) (In Thousands)**	**Parent Co. Shareholders Income After Tax**
Basic earnings per share			
Net income to shareholders of common shares	$ 676,029	509,888	$ 1.33
The effects of dilutive potential common shares			
Compensation to employees	-	420	
Diluted earnings per share			
Net income to shareholders of common shares and the effects of potential common shares	$ 676,029	510,308	$ 1.32

Since Test-Rite offered to settle compensation paid to employees in cash or shares, Test-Rite assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 30, 2017, the Company's ownership percentage of Chung Cin Enterprise Co., Ltd. was reduced from 100% to 95.60% because the Company did not subscribe for all of the additional new shares issued by Chung Cin Enterprise Co., Ltd.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries.

	TRGI
Cash consideration paid	$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(558)
Differences arising from the equity transaction	$ (558)

24. OPERATING LEASE ARRANGEMENTS

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

Period	Amount
2018-2022	$ 9,328,745
Later than 2022 (present values of $2,949,909 thousand)	3,454,433
	$ 12,783,178

25. PERSONNEL, DEPRECIATION, AND AMORTIZATION EXPENSES

a. Personnel, depreciation, and amortization expenses for the years ended December 31, 2017 and 2016 were summarized as follows:

Function / Expense Item	2017 Operating Costs	2017 Operating Expenses	2017 Total	2016 Operating Costs	2016 Operating Expenses	2016 Total
Personnel expenses						
Salaries	$ 31,931	$ 3,290,201	$ 3,322,132	$ 28,246	$ 3,305,562	$ 3,333,808
Labor insurance and health insurance	2,973	252,780	255,753	2,224	246,551	248,775
Pension cost	1,621	183,159	184,780	1,218	209,531	210,749
Others	2,861	343,516	346,377	2,096	316,795	318,891
Depreciation expenses	65,659	555,522	621,181	89,336	578,736	668,072
Amortization expenses	69	130,747	130,816	8	148,309	148,317

As of December 31, 2017 and 2016, the Group had 5,806 and 6,397 employees, respectively.

b. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2017 and 2016, which have been approved by the Company's board of directors on March 26, 2018 and March 24, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	**2016**
Employees' compensation	1.0%	1.0%
Remuneration of directors and supervisors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	Cash	**Cash**
Employees' compensation	$ 8,332	$ 6,709
Remuneration of directors and supervisors	12,498	10,063

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. CAPITAL MANAGEMENT

The objective of the Company's capital management is to ensure it has the necessary financial resource and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures and dividends spending.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Names and relationships of the related parties are outlined as follows:

Name	Relationship
Tsai Wang Enterprise Company Limited	Entity controlled by key management personnel
Judy Lee	Chairman of Test-Rite
Tony Ho	Related party in substance

a. Operating transactions

	Rent Expense	
	For the Year Ended December 31	
	2017	2016
Tsai Wang Enterprise Company Limited	$ 320,906	$ 318,405

The Company's rental income from related parties is according to market price and the rental income is received monthly.

	Refundable Deposits Paid	
	December 31	
	2017	2016
Tsai Wang Enterprise Company Limited	$ 125,000	$ 125,000

The transaction conditions of related parties are almost the same as non-related parties.

b. Equity transaction

See Note 23.

c. Property lease

The future minimum lease payments for the Company and others of non-cancellable operating lease commitments were as follows:

Period	Amount
2018-2020	$ 1,799,431

d. Endorsements or guarantees

Endorsements or guarantees that Test-Rite provided to subsidiaries were summarized in Note 30.

As of December 31, 2017, short-term borrowings of $71,046 thousand were guaranteed by chairman of Test-Rite (Judy Lee) and related party in substance (Tony Ho), short-term borrowings of $177,615 thousand were guaranteed by chairman of Test-Rite (Judy Lee), short-term borrowings of $326,000 thousand were guarantee by related party in substance (Tony Ho).

As of December 31, 2017, long-term borrowings of $805,896 thousand were guaranteed by chairman of Test-Rite (Judy Lee), and related party in substance (Tony Ho), long-term borrowings of $3,011,032 thousand were guaranteed by chairman of Test-Rite (Judy Lee), and long-term borrowings of $1,900,000 thousand were guaranteed by related party in substance (Tony Ho).

As of December 31, 2017, short-term bills payable of $79,992 thousand were guaranteed by related party in substance (Tony Ho).

As of December 31, 2016, short-term borrowings of $73,610 thousand were guaranteed by chairman of Test-Rite (Judy Lee) and related party in substance (Tony Ho), short-term borrowings of $170,554 thousand were guaranteed by chairman of Test-Rite (Judy Lee) and short-term borrowings of $448,000 thousand were guaranteed by related party in substance (Tony Ho).

As of December 31, 2016, long-term borrowings of $677,859 thousand were guaranteed by chairman of Test-Rite (Judy Lee) and related party in substance (Tony Ho), long-term borrowings of $3,994,063 thousand were guaranteed by chairman of Test-Rite (Judy Lee) and long-term borrowings of $1,500,000 thousand were guaranteed by related party in substance (Tony Ho).

e. Compensation of key management personnel

	For the Year Ended December 31	
	2017	**2016**
Short-term employee benefits	$ 164,082	$ 176,238
Post-employment benefits	19,982	10,109
	$ 184,064	$ 186,347

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

28. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

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

The management considers that the carrying amounts of financial assets and financial liabilities not carried at fair value approximate their fair value. As of December 31, 2017 and 2016, the carrying amounts approximate their fair value.

b. Fair value measurements recognized in the consolidated balance sheets

December 31, 2017

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 32,003	$ -	$ 32,003
Non-derivative financial assets	$ 598,138	$ -	$ -	$ 598,138
Financial liabilities at FVTPL				
Derivatives financial assets	$ -	$ 40,159	$ -	$ 40,159

December 31, 2016

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivatives financial assets	$ -	$ 63,871	$ -	$ 63,871
Non-derivative financial assets	$ 387,956	$ -	$ -	$ 387,956
Financial liabilities at FVTPL				
Derivatives financial assets	$ -	$ 51,019	$ -	$ 51,019

There were no transfers between Level 1 and 2 in the current and prior periods.

Financial Risk Management Objectives and Policies

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

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

a. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates. The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on the export.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (see Note 32).

The sensitivity analysis included only outstanding foreign currency denominated monetary items, and the effect on profit and loss by their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 10% against the relevant currency. For a 10% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact For the Year Ended December 31		EUR Impact For the Year Ended December 31	
	2017	**2016**	**2017**	**2016**
Equity	$ (113,512)	$ (51,156)	$ 501	$ 1,040

2) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at floating interest rates. The risk is managed by the Company by maintaining floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Company's interest rate risk arises primarily from fixed revenue investment and floating interest rate borrowings.

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

	December 31	
	2017	**2016**
Fair value interest rate risk		
Financial assets	$ 278,626	$ 451,914
Financial liabilities	6,928,766	7,971,448

The sensitivity analyses were calculated by a change in fair value of the fixed interest rates financial assets and liabilities at the end of the reporting period.

If interest rates at end of the reporting period were higher by 1% and all other variables were held constant, the Company's cash outflow for the years ended December 31, 2017 and 2016 would have been higher by $66,501 thousand and $75,195 thousand.

b. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from:

1) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

2) The amount of contingent liabilities in relation to financial guarantee issued by the Company.

The Company direct against the counterparties which deal with materially to providing sufficient collateral or other right pledged, so that it could minimize credit risk effectively. Management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company did transactions with a large number of customers among different industries and geography area. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

c. Liquidity risk

The Company manages and contains sufficient working capital to support the operations so there is no liquidity risk of shortage of funds by the maturity date of implementing obligation to the contracts, reduce the impact on fluctuation of cash flow.

The Company's non-derivative financial liabilities with their agreed repayment period were as follows:

	December 31, 2017			
	1 Year	2-3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 6,954,224	$ -	$ 230,277	$ 7,184,501
Fixed interest rate liabilities	79,992	-	-	79,992
Variable interest rate liabilities	2,436,838	4,491,928	-	6,928,766
	$ 9,471,054	$ 4,491,928	$ 230,277	$ 14,193,259

	December 31, 2016			
	1 Year	1-3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 7,462,047	$ -	$ 237,375	$ 7,699,422
Variable interest rate liabilities	2,399,526	2,076,646	3,495,276	7,971,448
	$ 9,861,573	$ 2,076,646	$ 3,732,651	$ 15,670,870

29. PLEDGED ASSETS

	December 31	
	2017	2016
Time deposits (see Notes 6 and 9)	$ 110,671	$ 159,536

30. COMMITMENTS AND CONTINGENCIES

Letter of Credit

Test-Rite's, Test-Rite Retail's and Testrite Brand Agency's outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2017 were US$1,476 thousand and EUR24 thousand.

Test-Rite's and Test-Rite Retail's outstanding letters of credit not reflected in the accompanying financial statements as of December 31, 2016 were US$1,441 thousand and EUR178 thousand.

Endorsements/guarantees provided: As of December 31, 2017 and 2016, endorsements or guarantees that the Company provided to its business related legal entities and subsidiaries were summarized as follows:

(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31	
	2017	**2016**
Endorsements		
Test-Rite Products Corp.	US$ 15,600	US$ 23,000
Test-Rite Trading Co., Ltd. and Test-Rite Retailing Co., Ltd.	US$ 13,000	US$ 21,000
Test-Rite Retailing Co., Ltd.	US$ 10,000	US$ -
Hola Shanghai Retail & Trading	US$ 10,000	US$ 5,000
Hola Shanghai Retail & Trading, Test-Rite (China) Investment and Test-Rite Business Development	US$ 6,500	US$ 6,500
Test-Rite Business Development	US$ 5,000	US$ 5,000
Hola Shanghai Retail & Trading and Test-Rite Business Development	US$ 5,000	US$ -
Test-Rite Trading Co., Ltd.	US$ 2,000	US$ -
Test-Rite Pte Ltd.	US$ 1,000	US$ 1,000
Subsidiary of TR Development	EUR 7,000	EUR 7,000
Test-Rite Germany Import GmbH (Germany) and Subsidiary of TR Development	EUR 1,000	EUR 1,000
Test Rite Int'l. (Canada) Ltd.	CAD 30	CAD 30
Test-Rite C&B	NT$ 45,000	NT$ 45,000

As of December 31, 2017 and 2016 Test-Rite Retail and Test-Rite Brand Agency have import duty relief on temporary admission, coupon execution guarantee and CPC Corporation guarantee rendered by banks for approximately $134,233 thousand and$140,844.

31. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

See Note 13.

32. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The information of significant foreign-currency financial assets and liabilities as of December 31, 2017 and 2016 was summarized as follows:

(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31					
	2017			**2016**		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**	**Foreign Currencies**	**Exchange Rate**	**New Taiwan Dollars**
Financial assets						
Monetary items						
USD	$ 116,641	29.848	$ 3,481,501	$ 95,778	32.279	$ 3,091,618
EUR	291	35.5229	10,337	437	34.1107	14,906

(Continued)

	December 31					
	2017			2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities						
Monetary items						
USD	$ 154,671	29.848	$ 4,616,620	$ 111,626	32.279	$ 3,603,176
EUR	150	35.5229	5,328	132	34.1107	4,503

(Concluded)

For the years ended December 31, 2017 and 2016, realized and unrealized net foreign exchange gains were $68,234 thousand and $368,318 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

33. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Company's reportable segments under IFRS 8 "Operating Segments" were as follows:

A Segment - retail segment
B Segment - trading segment
C Segment - construction segment

Segment Revenue and Results

The analysis of the Company's revenue and results from continuing operations by reportable segment for the years ended December 31, 2017 and 2016 was as follows:

	2017				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Operating revenue	$ 20,178,420	$ 17,885,986	$ 1,096,559	$ (2,197,753)	$ 36,963,212
Operating costs	(12,728,294)	(13,737,667)	(890,274)	1,175,690	(26,180,545)
Gross profit	7,450,126	4,148,319	206,285	(1,022,063)	10,782,667
Operating expenses	(7,112,196)	(3,632,167)	(103,422)	1,025,773	(9,822,012)
Profit from operations	$ 337,930	$ 516,152	$ 102,863	$ 3,710	960,655
Nonoperating income and expenses					150,349
Profit before income tax					$ 1,111,004

	2016				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Operating revenue	$ 21,847,126	$ 15,912,175	$ 2,181,307	$ (4,497,164)	$ 35,443,444
Operating costs	(14,130,521)	(12,081,418)	(1,878,887)	3,906,196	(24,184,630)
Gross profit	7,716,605	3,830,757	302,420	(590,968)	11,258,814
Operating expenses	(7,458,805)	(3,607,420)	(106,764)	738,995	(10,433,994)
Profit from operations	$ 257,800	$ 223,337	$ 195,656	$ 148,027	824,820
Nonoperating income and expenses					67,543
Profit before income tax					$ 892,363

All intercompany transactions have been eliminated upon consolidation for the years ended December 31, 2017 and 2016.

Segment Assets and Liabilities

The analysis of the Company's assets and liabilities by reportable segment as of December 31, 2017 and 2016 was as follows:

	2017				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Assets	$ 10,995,334	$ 15,758,295	$ 1,671,290	$ (5,552,641)	$ 22,872,278
Liabilities	$ 8,028,383	$ 7,439,052	$ 723,677	$ (991,101)	$ 15,200,011

	2016				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Assets	$ 12,699,604	$ 15,699,913	$ 1,831,809	$ (5,914,028)	$ 24,317,298
Liabilities	$ 9,419,568	$ 7,391,494	$ 501,517	$ (411,564)	$ 16,901,015

All intercompany transactions have been eliminated upon consolidation for the years ended December 31, 2017 and 2016.

Geographical Information

The Company operates in two principal geographical areas - Asia and America. The Company's revenue from continuing operations from external customers and information about its noncurrent assets by geographical location were detailed below:

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Asia	$ 31,044,156	$ 29,158,412	$ 9,436,585	$ 9,964,583
America	4,163,617	4,253,207	53,765	45,613
Europe	1,755,439	2,028,938	31,597	146,100
Australia and others	-	2,887	-	-
	$ 36,963,212	$ 35,443,444	$ 9,521,947	$ 10,156,296

Noncurrent assets excluded those classified as financial instruments, deferred pension cost and deferred income tax assets.

Major Customer

No individual customer accounted for at least 10% of consolidated revenue in 2017 and 2016.