Voltronic Power Technology Corp. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Voltronic Power Technology Corp. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, 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 (collectively referred to as the "consolidated financial statements").

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, 2018 and 2017, 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, 2018. 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 key audit matters in the audit of the Group's consolidated financial statements for the year ended December 31, 2018 are stated below:

Occurrence and Validity of Revenue from Major Customers

For the year ended December 31, 2018, the Group's revenue was $11,407,894 thousand, net profit before income tax was $2,256,376 thousand, and earnings per share was $23.18. The growth rate of revenue reached 15.67% in 2018. The revenue derived from major customers with individual growth rate that approximately equaled or exceeded overall growth rate reached $2,588,260 thousand, which represents 22.69% of revenue for the year ended December 31, 2018. Furthermore the Group's revenue has grown stably from the time of listing of its shares on the Taiwan Stock Exchange. To meet shareholders and external investors' expectations, the management may be under pressure to meet profit target. 2. Therefore, we identified the validity of sales transactions with major customers as a key audit matter. The revenue recognition accounting policy is disclosed in Note 4 to the consolidated financial statements.

In response, we performed the following audit procedures:

1. We understood the internal controls related to sales transactions with major customers and assessed the operating effectiveness of the design and implementation of these controls.

2. We performed substantive testing of the transactions with the major customers and verified the sales details for completeness and correctness. We further examined the shipping documents and the recovery of receivables to verify the occurrence of the transactions. We also verified the settlement of trade receivables according to the trade terms with major customers.

3. We performed tests of significant post-sales returns and allowances to confirm the occurrence of the sales revenue.

Other Matter

We have also audited the parent company only financial statements of Voltronic Power Technology Corp. as of and for the years ended December 31, 2018 and 2017 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), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 audit committee, 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, 2018 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 Chao Mei Chen and Chung Chen Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2019

<u>*Notice to Readers*</u>

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.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	$ 2,629,229	32	$ 2,694,876	37
Notes receivable (Notes 3, 4, 7 and 19)	9,618	-	27,776	-
Trade receivables (Notes 3, 4, 5, 7 and 19)	2,009,468	24	1,618,011	22
Trade receivables from related parties (Notes 3, 4, 19 and 28)	179,200	2	145,221	2
Other receivables (Notes 3, 4 and 7)	68,038	1	76,384	1
Inventories (Notes 4 and 8)	973,356	12	904,007	13
Prepayments (Notes 12 and 13)	177,701	2	213,358	3
Total current assets	6,046,610	73	5,679,633	78
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4 and 10)	1,964,461	24	1,295,195	18
Other intangible assets (Notes 4 and 11)	5,235	-	6,691	-
Deferred income tax assets (Notes 4 and 21)	68,122	1	47,821	1
Long-term prepayments for leases (Note 12)	163,452	2	169,869	2
Other non-current assets (Notes 3, 4, 13 and 28)	37,891	-	37,965	1
Total non-current assets	2,239,161	27	1,557,541	22
TOTAL	$ 8,285,771	100	$ 7,237,174	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 397,478	5	$ -	-
Contract liabilities - current (Notes 3, 4, 19 and 28)	101,442	1	-	-
Notes payable (Note 15)	21	-	23	-
Trade payables (Note 15)	2,368,923	28	2,360,051	33
Trade payables to related parties (Note 28)	995	-	521	-
Other payables (Note 16)	721,295	9	526,275	7
Current income tax liabilities (Notes 4 and 21)	243,498	3	94,626	1
Other current liabilities (Notes 3, 16 and 28)	1,573	-	76,686	1
Total current liabilities	3,835,225	46	3,058,182	42
NON-CURRENT LIABILITIES				
Deferred income tax liabilities (Notes 4 and 21)	314	-	-	-
Other non-current liabilities (Note 16)	227	-	231	-
Total non-current liabilities	541	-	231	-
Total liabilities	3,835,766	46	3,058,413	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Share capital				
Ordinary shares	786,853	10	786,885	11
Capital surplus	900,718	11	1,295,700	18
Retained earnings				
Legal reserve	685,821	8	549,457	8
Special reserve	134,241	2	102,342	1
Unappropriated earnings	2,167,451	26	1,702,344	24
Total retained earnings	2,987,513	36	2,354,143	33
Other equity (Notes 4 and 23)	(225,079)	(3)	(257,967)	(4)
Total equity	4,450,005	54	4,178,761	58
TOTAL	$ 8,285,771	100	$ 7,237,174	100

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 4, 19 and 28)	$ 11,407,894	100	$ 9,862,230	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 28)	(8,302,728)	(73)	(7,167,582)	(72)
GROSS PROFIT	3,105,166	27	2,694,648	28
OPERATING EXPENSES (Notes 20 and 28)				
Selling and marketing expenses	(268,505)	(2)	(229,248)	(2)
General and administrative expenses	(300,960)	(2)	(277,228)	(3)
Research and development expenses	(417,712)	(4)	(359,575)	(4)
Expect credit loss (Notes 4, 5 and 7)	(7,026)	-	-	-
Total operating expenses	(994,203)	(8)	(866,051)	(9)
PROFIT FROM OPERATIONS	2,110,963	19	1,828,597	19
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 20)	111,852	1	65,146	-
Other gains and losses (Note 20)	49,924	-	(228,916)	(2)
Finance costs (Note 20)	(16,363)	-	(9,637)	-
Total non-operating income and expenses	145,413	1	(173,407)	(2)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,256,376	20	1,655,190	17
INCOME TAX EXPENSE (Notes 4 and 21)	(442,744)	(4)	(291,546)	(3)
NET PROFIT FOR THE YEAR	1,813,632	16	1,363,644	14
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations (Notes 4 and 18)	(68,567)	(1)	(38,433)	-
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	18,565	-	6,534	-
Other comprehensive loss for the year, net of income tax	(50,002)	(1)	(31,899)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,763,630	15	$ 1,331,745	14

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 22)				
Basic	$23.18		$17.46	
Diluted	$23.03		$17.37	

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Company							
			Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Others	Total Equity
BALANCE AT JANUARY 1, 2017	$ 787,055	$ 1,697,404	$ 406,623	$ -	$ 1,764,457	$ (102,342)	$ (264,938)	$ 4,288,259
Appropriation of the 2016 earnings (Note 18)								
Legal reserve	-	-	142,834	-	(142,834)	-	-	-
Special reserve	-	-	-	102,342	(102,342)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,180,581)	-	-	(1,180,581)
Share-based payment transactions (Notes 18, 20 and 23)	(170)	(8,177)	-	-	-	-	141,212	132,865
Issuance of cash dividends from capital surplus (Note 18)	-	(393,527)	-	-	-	-	-	(393,527)
Net profit for the year ended December 31, 2017	-	-	-	-	1,363,644	-	-	1,363,644
Other comprehensive loss for the year ended December 31, 2017, net of income tax (Note 18)	-	-	-	-	-	(31,899)	-	(31,899)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	1,363,644	(31,899)	-	1,331,745
BALANCE AT DECEMBER 31, 2017	786,885	1,295,700	549,457	102,342	1,702,344	(134,241)	(123,726)	4,178,761
Appropriation of the 2017 earnings (Note 18)								
Legal reserve	-	-	136,364	-	(136,364)	-	-	-
Special reserve	-	-	-	31,899	(31,899)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,180,326)	-	-	(1,180,326)
Share-based payment transactions (Notes 18, 20 and 23)	(32)	(1,540)	-	-	64	-	82,890	81,382
Issuance of cash dividends from capital surplus (Note 18)	-	(393,442)	-	-	-	-	-	(393,442)
Net profit for the year ended December 31, 2018	-	-	-	-	1,813,632	-	-	1,813,632
Other comprehensive loss for the year ended December 31, 2018, net of income tax (Note 18)	-	-	-	-	-	(50,002)	-	(50,002)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,813,632	(50,002)	-	1,763,630
BALANCE AT DECEMBER 31, 2018	$ 786,853	$ 900,718	$ 685,821	$ 134,241	$ 2,167,451	$ (184,243)	$ (40,836)	$ 4,450,005

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,256,376	$ 1,655,190
Adjustments for:		
Expected credit loss	7,026	-
Impairment loss recognized on trade receivables	-	1,609
Depreciation expenses	75,318	60,503
Amortization expenses	3,332	3,640
Amortization of prepayments for lease	3,557	3,517
Finance costs	16,363	9,637
Interest income	(42,717)	(33,201)
Compensation costs of employee share options	81,382	132,865
Net loss on disposal of property, plant and equipment	1,072	715
Write-downs of inventories	6,411	1,185
Prepayments for equipment transferred to expenses	1,494	-
Net (gain) loss on foreign currency exchange	(11,190)	153,785
Changes in operating assets and liabilities		
Notes receivable	18,158	(6,104)
Trade receivables	(387,729)	(264,353)
Trade receivables from related parties	(32,727)	(39,857)
Other receivables	9,303	36,573
Inventories	(75,387)	(192,101)
Prepayments	35,596	(109,763)
Other financial assets	-	233,790
Contract liabilities	26,231	-
Notes payable	(2)	16
Trade payables	8,871	414,725
Trade payables to related parties	474	261
Other payables	133,340	(6,726)
Other current liabilities	98	(1,380)
Cash generated from operations	2,134,650	2,054,526
Interest received	41,760	33,556
Interest paid	(16,363)	(9,637)
Income tax paid	(295,294)	(337,090)
Net cash generated from operating activities	1,864,753	1,741,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayments for equipment	(8,424)	(8,733)
Payments for property, plant and equipment	(691,444)	(297,436)
Payments for intangible assets	(1,883)	(2,155)
Proceeds from the disposal of property, plant and equipment	5	619
Increase in refundable deposits	(720)	-
Decrease in refundable deposits	70	771
Net cash used in investing activities	(702,396)	(306,934)

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 398,449	$ -
Refund of guarantee deposits received	-	(30)
Distributed cash dividends	(1,573,768)	(1,574,108)
Net cash used in financing activities	(1,175,319)	(1,574,138)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(52,685)	(205,008)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(65,647)	(344,725)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,694,876	3,039,601
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,629,229	$ 2,694,876

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

1. GENERAL INFORMATION

Voltronic Power Technology Corp. (the "Company") was incorporated in the Republic of China (ROC) in May 2008. The Company mainly manufactures and sells uninterruptible power systems (UPS).

The Company's shares have been listed on the Taiwan Stock Exchange since March 31, 2014.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 25, 2019.

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

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

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the accounting policies of Voltronic Power Technology Corp. and its subsidiaries (the "Group"):

   1) IFRS 9 "Financial Instruments" and related amendments

      IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

      Classification, measurement and impairment of financial assets

      On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 2,694,876	$ 2,694,876	Note
Notes receivable, trade receivables, trade receivables from related parties and other receivables	Loans and receivables	Amortized cost	1,801,022	1,801,022	Note
Refundable deposits (included in other non-current assets)	Loans and receivables	Amortized cost	29,169	29,169	Note

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Amortized cost	$ -	$ -	$ -				
Add: Reclassification from loans and receivables (IAS 39)	-	4,525,067	-				Note
	$ -	$ 4,525,067	$ -	$ 4,525,067	$ -	$ -	

Note: Cash and equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables and refundable deposits (included in other non-current assets) that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete as of January 1, 2018 and recognize the cumulative effect of the change in retained earnings on January 1, 2018.

The impact on assets, liabilities and equity as of January 1, 2018 from the initial application of IFRS 15 is set out below:

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Other current liabilities - advance receipts	$ 75,211	$ (75,211)	$ -
Contract liabilities - current	-	75,211	75,211
Total effect on liabilities	$ 75,211	$ -	$ 75,211

Had the Group applied IAS 18 in the current year, the following adjustments should have been made to reflect the line items and balances under IFRS 15:

Impact on assets, liabilities and equity for current year

	December 31, 2018
Decrease in contract liabilities - current	$ (101,442)
Increase in other current liabilities - receipts in advance	101,442
Increase (decrease) in liabilities	$ -

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

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

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

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

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

- IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17, IFRIC 4 and a number of related interpretations.

Definition of a lease

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

The Group as lessee

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

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

The Group expects to apply the following practical expedients:

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

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

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

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

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

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Prepayment for lease - current	$ 177,701	$ (3,503)	$ 174,198
Prepayments for lease - non-current	163,452	(163,452)	-
Right-of-use assets	-	443,425	443,425
Total effect on assets	$ 341,153	$ 276,470	$ 617,623
Lease liabilities - current	$ -	$ 62,832	$ 62,832
Lease liabilities - non-current	-	213,638	213,638
Total effect on liabilities	$ -	$ 276,470	$ 276,470

Except for the above impacts, as of the date the financial statements were authorized for issue, the Group continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance and will disclose these other impacts when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (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 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail. However, the consolidated financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by FSC for their oversight purposes.

a. 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.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) 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:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) 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 classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (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.

See Note 9 for more information on subsidiaries (including the percentages of ownership and main businesses).

e. 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 arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the Group entities (including subsidiaries associates, joint ventures and branches in other countries that use currency 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; 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.

f. Inventories

Inventories, which consist of raw materials, supplies, semi-finished goods, finished goods and work-in-process 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. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

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

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation on 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 method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively.

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.

h. Intangible assets

1) Intangible assets acquired separately

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 estimates accounted for prospective basis.

2) Derecognition of intangible assets

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.

i. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 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 (CGU) to which the asset belongs. Corporate assets are allocated to the individual CGUs on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU 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 CGU 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 CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. 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 issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

<u>2018</u>

Financial assets are classified as financial assets at amortized cost.

<u>Financial assets at amortized cost</u>

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivables, trade receivables, trade receivables from related parties, other receivables and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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.

2017

Financial assets are classified as loans and receivables.

Loans and receivables (including cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables and refundable deposits) 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 that have 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.

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables, For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

2017

Financial assets 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 such financial assets, that the estimated future cash flows of the investment have been affected.

Financial assets at amortized cost, such as notes receivable, trade receivables from related parties and other receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience with collecting payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables, and other situations.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate.

For a financial asset at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

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

c) 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.

Before 2018, 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 which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) 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.

k. Revenue recognition

<u>2018</u>

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

<u>Revenue from the sale of goods</u>

Revenue from the sale of goods comes from sales of uninterrupted power system electronic equipment. Sales of leisure goods and electronic equipment are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The contract liability is the advance receipts which haven't been recognized as revenue.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

<u>2017</u>

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Revenue from the sale of goods</u>

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 Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve the transfer of risks and rewards of materials ownership.

l. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

o. Share-based payment arrangements

<u>Restricted shares for employees granted to employee</u>

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period on the basis of the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefit. It is recognized as an expense in full at the grant date if vesting immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Under certain conditions, some employees who receive restricted shares are required to return their shares to the issuer on their resignation, and these shares will then be recognized as payables. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - restricted shares for employees.

p. Taxation

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

1) 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 of earnings.

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

2) 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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 asset 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 liability is settled or the asset realized, based on tax rates and 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 of how the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, but when these taxes pertain to items that are recognized in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations 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 to be 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of financial assets - 2018

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 7. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of trade receivables - 2017

When there is objective evidence of impairment loss of receivables, the Group takes into consideration the estimation of the future cash flows of such assets. The amount of 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	
	2018	2017
Cash on hand	$ 1,422	$ 979
Demand deposits	1,315,255	1,347,968
Cash equivalents (investments with original maturities less than 3 months)		
Time deposits	1,312,552	1,345,929
	$ 2,629,229	$ 2,694,876

The market interest rates for cash in bank at the end of the reporting period were as follows:

	December 31	
	2018	**2017**
Bank deposits	0.01%-4.80%	0.05%-4.96%

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2018	**2017**
Notes receivable		
Notes receivable - operating	$ 9,618	$ 27,776
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,019,226	$ 1,621,851
Less: Allowance for impairment loss	(9,758)	(3,840)
	$ 2,009,468	$ 1,618,011
Other receivables		
Tax refund receivables	$ 53,109	$ 66,370
Interest receivables	4,130	3,173
Others	10,799	6,841
	$ 68,038	$ 76,384

Notes receivable

In 2018

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes receivable. The expected credit losses on notes receivable are referred by past default experience of the debtor and general economic conditions of the industry. As of December 31, 2018, the Group has no need to recognize expected credit losses on notes receivable.

In 2017

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed. As of December 31, 2017, the Group did not hold any collateral for the balance of its notes receivable.

The following table details the aging analysis of notes receivable.

	December 31	
	2018	2017
1 to 60 days	$ 7,829	$ 25,810
61 to 90 days	1,789	1,452
91 to 120 days	-	76
121 to 365 days	-	438
	$ 9,618	$ 27,776

The above aging analysis of notes receivable is based on the journal date.

Trade receivables

In 2018

The average credit period of sales of goods was 0 to 180 days.

In order to minimize credit risk, the management of the Group 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 Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Besides insurance classified by credit rating, the Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. The provision for expected credit losses is based on the number of past due days from the end of the credit term.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of December 31, 2018, the carrying amount of trade receivables was $1,209,637 thousand.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2018

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.16%	2.41%	42.91%	100%	100%	100%	
Gross carrying amount	$ 733,876	$ 65,371	$ 5,845	$ 791	$ 2,945	$ 761	$ 809,589
Loss allowance (Lifetime ECL)	(1,179)	(1,574)	(2,508)	(791)	(2,945)	(761)	(9,758)
Amortized cost	$ 732,697	$ 63,797	$ 3,337	$ -	$ -	$ -	$ 799,831

The movements of the loss allowance of trade receivables were as follows:

	2018
Balance at January 1, 2018 per IAS 39	$ 3,840
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	3,840
Add: Net remeasurement of loss allowance	7,026
Less: Amounts written off	(1,084)
Foreign exchange gains and losses	(24)
Balance at December 31, 2018	$ 9,758

In 2017

The average credit period of sales of goods was 0 to 180 days.

The Group recognized an allowance for impairment loss of 100% against all trade receivables over 365 days because historical experience shows that receivables outstanding beyond 365 days are not recoverable. For receivables outstanding between 0 to 365 days, the Group estimated irrecoverable amount based on the past defaults of the counterparties and an analysis of their current financial positions.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in the credit quality of the receivables and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables was as follows:

	December 31, 2017
Not overdue	$ 1,480,003
Overdue 60 days	123,667
Overdue 61-120 days	10,074
Overdue beyond 120 days	8,107
	$ 1,621,851

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
Overdue 60 days	$ 89,563
Overdue 61-120 days	7,583
Overdue beyond 120 days	6,978
	$ 104,124

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

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectability Assessed for Impairment	Total
Balance at January 1, 2017	$ -	$ 2,211	$ 2,211
Add: Impairment losses recognized on receivables	-	1,609	1,609
Foreign exchange translation gains and losses	-	20	20
Balance at December 31, 2017	$ -	$ 3,840	$ 3,840

As of December 31, 2017, the amount of individually impaired trade receivables was $0 thousand. These amounts mainly related to customers that were in severe financial difficulties. The Group did not hold any collateral over these balances.

8. INVENTORIES

	December 31	
	2018	2017
Raw materials	$ 587,484	$ 612,616
Supplies	1,248	1,297
Semi-finished goods	71,396	45,953
Work in progress	135,440	102,593
Finished goods	177,788	141,548
	$ 973,356	$ 904,007

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $8,302,728 thousand and $7,167,582 thousand, respectively. The cost of goods sold included inventory write-downs of $6,411 thousand and $1,185 thousand, respectively.

9. SUBSIDIARIES

Entities Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2018	2017	Remark
Voltronic Power Technology Corp.	Voltronic International Corp.	Investment activities	100%	100%	a
Voltronic International Corp.	Voltronic International H.K. Corp. Limited	Investment activities	100%	100%	a
	Potentia Technology Inc. Limited	Sale of uninterruptible power systems (UPS)	100%	100%	a
Voltronic International H.K. Corp. Limited	Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	100%	100%	b
	Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	100%	100%	b
	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	100%	100%	b
Zhongshan Voltronic Power Electronics Limited	Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS	100%	-	b and c

a. The main operations risk is the foreign exchange rate risk.

b. The main operations risks are foreign exchange rate risks, statutes of limitation and political uncertainty between China and Taiwan.

c. Zhongshan Voltronic Power Electronics Limited was established in January 2018.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2017	$ 720,761	$ -	$ 253,071	$ 6,840	$ 36,082	$ 52,116	$ 84,666	$ 148,590	$ 1,302,126
Additions	-	-	59,097	2,115	2,169	6,755	15,466	206,419	292,021
Disposals	-	-	(35,661)	(1,534)	(4,770)	-	(7,686)	-	(49,651)
Reclassified (Note)	-	-	-	-	-	4,910	-	-	4,910
Effect of foreign currency exchange differences	-	-	(3,838)	(135)	(623)	(797)	(1,650)	1,302	(5,741)
Balance at December 31, 2017	$ 720,761	$ -	$ 272,669	$ 7,286	$ 32,858	$ 62,984	$ 90,796	$ 356,311	$ 1,543,665
Accumulated depreciation and impairment									
Balance at January 1, 2017	$ -	$ -	$ 131,801	$ 2,925	$ 21,711	$ 31,283	$ 52,253	$ -	$ 239,973
Depreciation expense	-	-	35,575	1,122	3,905	10,885	9,016	-	60,503
Disposals	-	-	(35,310)	(1,498)	(4,139)	-	(7,370)	-	(48,317)
Effect of foreign currency exchange differences	-	-	(1,831)	(66)	(335)	(401)	(1,056)	-	(3,689)
Balance at December 31, 2017	$ -	$ -	$ 130,235	$ 2,483	$ 21,142	$ 41,767	$ 52,843	$ -	$ 248,470
Carrying amounts at December 31, 2017	$ 720,761	$ -	$ 142,434	$ 4,803	$ 11,716	$ 21,217	$ 37,953	$ 356,311	$ 1,295,195
Cost									
Balance at January 1, 2018	$ 720,761	$ -	$ 272,669	$ 7,286	$ 32,858	$ 62,984	$ 90,796	$ 356,311	$ 1,543,665
Additions	-	154,241	77,109	428	8,272	1,777	47,404	463,102	752,333
Disposals	-	-	(1,183)	-	(834)	(26,684)	(935)	-	(29,636)
Reclassified (Note)	-	203,690	6,378	2	62	-	770	(203,690)	7,212
Effect of foreign currency exchange differences	-	-	(4,422)	(130)	(528)	(683)	(1,865)	(9,585)	(17,213)
Balance at December 31, 2018	$ 720,761	$ 357,931	$ 350,551	$ 7,586	$ 39,830	$ 37,394	$ 136,170	$ 606,138	$ 2,256,361
Accumulated depreciation and impairment									
Balance at January 1, 2018	$ -	$ -	$ 130,235	$ 2,483	$ 21,142	$ 41,767	$ 52,843	$ -	$ 248,470
Depreciation expense	-	9,731	38,285	1,216	3,742	9,016	13,328	-	75,318
Disposals	-	-	(982)	-	(814)	(25,917)	(846)	-	(28,559)
Reclassified	-	-	71	1	(12)	-	(60)	-	-
Effect of foreign currency exchange differences	-	-	(1,599)	(59)	(266)	(449)	(956)	-	(3,329)
Balance at December 31, 2018	$ -	$ 9,731	$ 166,010	$ 3,641	$ 23,792	$ 24,417	$ 64,309	$ -	$ 291,900
Carrying amounts at December 31, 2018	$ 720,761	$ 348,200	$ 184,541	$ 3,945	$ 16,038	$ 12,977	$ 71,861	$ 606,138	$ 1,964,461

Note: Reclassified from prepayments for equipment to property, plant and equipment.

For the years ended December 31, 2018 and 2017, no impairment assessment was performed as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	50 years
Draining and air-conditioning units	8-10 years
Machinery and Equipment	3-10 years
Transportation	3-10 years
Office equipment	2-5 years
Leasehold improvements	3-5 years
Other equipment	3-10 years

The unrecognized commitments for acquisition of property, plant and equipment were set out in Note 29.

11. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2017	$ 27,992
Additions	2,155
Effect of foreign currency exchange differences	(79)
Balance at December 31, 2017	$ 30,068
Accumulated amortization	
Balance at January 1, 2017	$ 19,794
Amortization expense	3,640
Effect of foreign currency exchange differences	(57)
Balance at December 31, 2017	$ 23,377
Carrying amounts at December 31, 2017	$ 6,691
Cost	
Balance at January 1, 2018	$ 30,068
Additions	1,883
Effect of foreign currency exchange differences	(77)
Balance at December 31, 2018	$ 31,874
Accumulated amortization	
Balance at January 1, 2018	$ 23,377
Amortization expense	3,332
Effect of foreign currency exchange differences	(70)
Balance at December 31, 2018	$ 26,639
Carrying amounts at December 31, 2018	$ 5,235

	For the Year Ended December 31	
	2018	2017
An analysis of depreciation by function		
Operating costs	$ 143	$ -
Selling and marketing expenses	382	337
General and administrative expenses	2,390	2,578
Research and development expenses	417	725
	$ 3,332	$ 3,640

The above of intangible assets are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

12. PREPAYMENTS FOR LEASES

	December 31	
	2018	2017
Current assets (included in prepayments)	$ 3,503	$ 3,564
Non-current assets	163,452	169,869
	$ 166,955	$ 173,433

As of December 31, 2018 and 2017, prepaid lease payments include land use right with carrying amount of $166,955 thousand and $173,433 thousand, respectively, which are located in mainland China.

13. OTHER ASSETS

	December 31	
	2018	2017
Current		
Prepayments	$ 177,701	$ 213,358
Non-current		
Other assets		
Refundable deposits	$ 29,377	$ 29,169
Prepayments for equipment	8,514	8,796
	$ 37,891	$ 37,965

14. BORROWINGS

Short-term Borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Line of credit borrowings	$ 397,478	$ -

The weighted average effective interest rates on bank loans was 2.638% as of December 31, 2018.

15. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2018	2017
Notes payable		
Operating	$ 21	$ 23
Trade payables		
Operating	$ 2,368,923	$ 2,360,051

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER LIABILITIES

	December 31	
	2018	2017
Current		
Other payables		
Payables for salaries and bonuses	$ 263,024	$ 222,585
Payables for employee compensation	148,453	122,036
Payables for remuneration of directors and supervisors	14,400	14,400
Payables for commission	75,429	63,811
Payables for insurance	34,701	36,735
Payables for sales tax	28,347	19,841
Payables for purchases of equipment (include building)	71,123	10,234
Others	85,818	36,633
	$ 721,295	$ 526,275
Other liabilities		
Advance receipts	$ -	$ 75,211
Receipts under custody	1,573	1,475
	$ 1,573	$ 76,686
Non-current		
Other liabilities		
Guarantee deposits	$ 227	$ 231

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company has a pension plan under the Labor Pension Act (LPA), a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group in China are members of state-managed retirement benefit plans operated by the government of China. The subsidiaries in China are required to contribute amounts calculated at a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

18. EQUITY

a. Share capital

	December 31	
	2018	**2017**
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	78,685	78,688
Shares issued	$ 786,853	$ 786,885

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

Shares authorized include $20,000 thousand for issuance of employee share options.

Per resolution of the board of directors on February 26, 2018 and May 4, 2017, the Company retired $32 thousand and $170 thousand of restricted employee shares, respectively, at $10 par value, totaling 3 thousand and 17 thousand shares, respectively. The Company designated that the basis date of the capital reduction was March 31, 2018 and June 30, 2017, where the approval of the Ministry of Economic Affairs (MOEA) was obtained on April 18, 2018 and July 17, 2017, respectively.

A reconciliation of the number of shares outstanding was as follows:

	Number of Shares (In Thousands of Shares)	Share Capital
Balance at January 1, 2017	78,705	$ 787,055
Retirement of recognized employee restricted shares	(17)	(170)
Balance at December 31, 2017	78,688	$ 786,885
Balance at January 1, 2018	78,688	$ 786,885
Retirement of recognized employee restricted shares	(3)	(32)
Balance at December 31, 2018	78,685	$ 786,853

b. Capital surplus

	December 31	
	2018	2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from issuing ordinary shares	$ 493,054	$ 886,496
May be used for offset a deficit		
Premium from employee restricted shares	226,136	165,626
May not be used for any purpose		
Employee restricted shares	181,528	243,578
	$ 900,718	$ 1,295,700

Note: Capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to a certain percentage of the Company's capital surplus and to once a year.

A reconciliation of the capital surplus was as follows:

	Premium from Ordinary Shares	Premium from Employee Restricted Shares	Employee Restricted Shares	
Balance at January 1, 2017	$ 1,280,023	$ 104,731	$ 312,650	
Vested employee restricted shares	-	60,895	(60,895)	
Retirement employee restricted shares	-	-	(8,177)	(Note 1)
Distributed as cash dividends	(393,527)	-	-	
Balance at December 31, 2017	$ 886,496	$ 165,626	$ 243,578	
Balance at January 1, 2018	$ 886,496	$ 165,626	$ 243,578	
Vested employee restricted shares	-	60,510	(60,510)	
Retirement employee restricted shares	-	-	(1,540)	(Note 2)
Distributed as cash dividends	(393,442)	-	-	
Balance at December 31, 2018	$ 493,054	$ 226,136	$ 181,528	

Note 1: The reversed compensation cost of $8,347 thousand for restricted shares was net of retired share capital of $170 thousand.

Note 2: The reversed compensation cost of $1,572 thousand for restricted shares was net of retired share capital of $32 thousand.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including adjust undistributed retained earnings), setting aside as a legal reserve of 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, refer to employees' compensation and remuneration of directors in Note 20,f.

Distribution of the compensation may be made by way of a cash dividend or share dividend, where the ratio of the cash dividend shall not less than 10% of the shareholders' bonus so as to achieve the balance and stability of the dividend policy. However, in a case that the bonus per share is less than NT$0.3, the board of directors may cancel the bonus distribution by submit such cancellation for recognition at the shareholders' meeting.

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 should be appropriated to or reversed from a special reserve by the Company.

The appropriations from the 2017 and 2016 earnings approved in the shareholders' meetings on June 5, 2018 and June 16, 2017, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ 136,364	$ 142,834	$ -	$ -
Special reserve	31,899	102,342	-	-
Cash dividends	1,180,326	1,180,581	15.00	15.00

The distribution of cash dividends from capital surplus of $393,442 thousand and $393,527 thousand were approved in the shareholders' meeting on June 5, 2018 and June 16, 2017, respectively.

The appropriations of earnings for 2018 had been proposed by the Company's board of directors on February 25, 2019. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 181,363	$ -
Special reserve	50,002	-
Cash dividends	1,573,705	20.0
Share dividends	39,343	0.5

The appropriations of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on June 25, 2019.

The board of directors on February 25, 2019 propose to issue cash dividends of $78,685 thousand from capital surplus, a proposal that is subject to the resolution of the shareholders' meeting held on June 25, 2019.

d. Special reserve

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ 102,342	$ -
Appropriation in respect of:		
The debit to other equity items	31,899	102,342
Balance at December 31	$ 134,241	$ 102,342

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (134,241)	$ (102,342)
Effect of change in tax rate	4,852	-
Recognized for the year		
Exchange differences on translating foreign operations	(68,567)	(38,433)
Income tax related to exchange differences arising on translating to the presentation currency	13,713	6,534
Balance at December 31	$ (184,243)	$ (134,241)

Employee unearned benefit

In the meeting of shareholders on May 24, 2016, the shareholders approved the issuance of restricted shares to employees, respectively (refer to Note 23).

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (123,726)	$ (264,938)
Share-based payment expenses recognized	81,382	132,865
Adjustment for retired restricted employee cash dividends	(64)	-
Retired restricted employee shares (Note)	1,572	8,347
Balance at December 31	$ (40,836)	$ (123,726)

Note: Deducted from compensation cost of restricted shares amounting $1,572 thousand and $8,347 thousand for the years ended December 31, 2018 and 2017, respectively.

19. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Revenue from sale of goods	$ 11,407,894	$ 9,862,230

	December 31, 2018
Contact balances	
Notes receivable and trade receivables (Notes 7 and 28)	$ 2,198,286
Contract liabilities - current	
Sale of goods	$ 101,442

Revenue of the reporting period recognized from the beginning contract liabilities and from the performance obligations which were satisfied in the previous periods is as follows:

	For the Year Ended December 31, 2018
From the beginning contract liabilities	
Sale of goods	$ 75,211

20. NET PROFIT (LOSS) FROM OPERATIONS

Net profit (loss) from continuing operations was attributable to:

a. Other income

	For the Year Ended December 31	
	2018	2017
Interest income		
Bank deposits	$ 42,717	$ 33,201
Government grants	58,861	26,300
Others	10,274	5,645
	$ 111,852	$ 65,146

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Loss on disposal of property, plant and equipment	$ (1,072)	$ (715)
Net foreign exchange gains (losses)	52,678	(228,180)
Others	(1,682)	(21)
	$ 49,924	$ (228,916)

c. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	$ 931	$ -
Other interest expense	15,432	9,637
	$ 16,363	$ 9,637

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
An analysis of depreciation by function		
Operating costs	$ 46,679	$ 46,425
Operating expenses	28,639	14,078
	$ 75,318	$ 60,503
An analysis of amortization by function		
Operating costs	$ 143	$ -
Operating expenses	3,189	3,640
	$ 3,332	$ 3,640

e. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Salary expenses	$ 1,291,756	$ 1,123,330
Other employee benefits	70,891	60,644
Equity-settled share-based payments	81,382	132,865
Post-employment benefits		
Defined contribution plans	56,609	50,799
Total employee benefits expense	$ 1,500,638	$ 1,367,638
An analysis of employee benefits expense by function		
Operating costs	$ 889,854	$ 814,427
Operating expenses	610,784	553,211
	$ 1,500,638	$ 1,367,638

f. Employees’ compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees’ compensation and remuneration of directors at the rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors. The employees’ compensation and remuneration of directors for the years ended December 31, 2018 and 2017, which have been approved by the Company’s board of directors on February 25, 2019 and February 26, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees’ compensation	4.07%	4.43%
Remuneration of directors	0.65%	0.91%

Amount

	For the Year Ended December 31			
	2018		2017	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 90,000	$ -	$ 70,000	$ -
Remuneration of directors	14,400	-	14,400	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2018	2017
Foreign exchange gains	$ 656,653	$ 245,608
Foreign exchange losses	(603,975)	(473,788)
	$ 52,678	$ (228,180)

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax (expense) benefit recognized in profit are as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current periods	$ (462,717)	$ (325,966)
Income tax on unappropriated earnings	(1,505)	(258)
Adjustments for prior periods	19,826	18,138
	(444,396)	(308,086)
Deferred tax		
In respect of the current periods	(651)	16,540
Adjustments to deferred tax attributable to changes in tax rates and laws	2,303	-
	1,652	16,540
Income tax expense recognized in profit or loss	$ (442,744)	$ (291,546)

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

	For the Year Ended December 31	
	2018	2017
Profit before tax	$ 2,256,376	$ 1,655,190
Income tax expense calculated at the statutory rate	$ (595,389)	$ (428,704)
Nondeductible expenses in determining taxable income	(341)	-
Deferred tax effect of earnings of subsidiaries	129,483	121,595
Tax-exempt income	3,184	-
Income tax on unappropriated earnings	(1,505)	(258)
Unrecognized deductible temporary differences	(305)	(2,317)
Effect of tax rate changes	2,303	-
Adjustments for prior years' tax	19,826	18,138
Income tax expense recognized in profit or loss	$ (442,744)	$ (291,546)

In 2017, the applicable corporate income tax rate used by the group entities in the ROC is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

The applicable tax rate used by subsidiaries in China was 25% except for Voltronic Power Technology (Shen Zhen) Corp. in 2018 and 2017 which used tax rate of 15% due to the high-tech enterprise certificate.

As the status of the 2019 appropriations of earnings is uncertain, the potential income tax consequences of 2018 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Deferred tax		
Effect of change in tax rate	$ 4,852	$ -
In respect of the current periods		
Translation of foreign operations	13,713	6,534
	$ 18,565	$ 6,534

c. Current tax assets and liabilities

	December 31	
	2018	2017
Current tax liabilities		
Income tax payable	$ 243,498	$ 94,626

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Exchanges differences on foreign operations	$ 27,496	$ -	$ 18,565	$ -	$ 46,061
Unrealized loss on write-down of inventories	1,533	1,306	-	(44)	2,795
Unrealized employee compensation	12,126	6,982	-	(180)	18,928
Allowance for impaired receivables	387	(43)	-	(6)	338
Unrealized exchange loss	6,279	(6,279)	-	-	-
	$ 47,821	$ 1,966	$ 18,565	$ (230)	$ 68,122
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	$ -	$ (314)	$ -	$ -	$ (314)

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Exchanges differences on foreign operations	$ 20,962	$ -	$ 6,534	$ -	$ 27,496
Unrealized loss on write-down of inventories	1,468	94	-	(29)	1,533
Unrealized employee compensation	19,200	(6,643)	-	(431)	12,126
Allowance for impaired receivables	-	381	-	6	387
Unrealized exchange loss	-	6,279	-	-	6,279
	41,630	111	6,534	(454)	47,821
Tax losses	2,353	(2,274)	-	(79)	-
	$ 43,983	$ (2,163)	$ 6,534	$ (533)	$ 47,821
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	$ (18,703)	$ 18,703	$ -	$ -	$ -

e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2018 and 2017, the taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities were recognized amounted to $3,390,289 thousand and $2,742,870 thousand, respectively.

f. Income tax assessments

The Company's tax returns through 2016 have been assessed by the tax authorities. As of December 31, 2018, the Group has no unsettled lawsuit in related with tax.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	**2017**
Basic earnings per share		
Net income	$ 1,813,632	$ 1,363,644
Weighted average number of ordinary shares in computation of basic earnings per share (in thousands)	78,225	78,098
Basic earnings per share	$ 23.18	$ 17.46
Diluted earnings per share		
Net income	$ 1,813,632	$ 1,363,644
Weighted average number of ordinary shares in computation of basic earnings per share (in thousands)	78,225	78,098
Effect of potentially dilutive ordinary shares:		
Bonus to employees	190	162
Employee restricted shares	329	266
Weighted average number of ordinary shares in computation of diluted earnings per share	78,744	78,526
Diluted earnings per share	$ 23.03	$ 17.37

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares. If the effect of the resulting potential shares is dilutive, these shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. This dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARES PLAN FOR EMPLOYEES

On May 24, 2016, the shareholders approved a restricted share plan for employees with a total amount of $6,500 thousand, consisting of 650 thousand shares. The subscription base date at August 30, 2016 was determined by the board of directs on August 8, 2016. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

a. The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.

b. The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.

c. The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.

d. The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.

The vesting conditions of restricted shares is when employee received the restricted shares, the restriction of acquiring the shares would be canceled as follows:

After one year from the grant date: 20%
After two years from the grant date: 20%
After three years from the grant date: 60%

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares.

The fair value of NT$491 per share of the newly issued restricted shares was priced using the market-price-based method. The unearned employee benefit of $319,150 thousand was recognized on the basis of vesting conditions and expensed on a straight-line base over the vest period. Compensation costs of $81,382 thousand and $132,865 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2018 and 2017.

24. CASH FLOWS INFORMATION

a. Non-cash transactions

For the years ended December 31, 2018 and 2017, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

As of December 31, 2018 and 2017, the un-settled payments for purchase of property, plant and equipment was $71,123 thousand and $10,234 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the consolidated financial statements.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Non-cash Changes Exchange Rate Impact	Closing Balance
Short-term borrowings	$ -	$ 398,449	$ (971)	$ 397,478

25. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to leases of building with lease terms between 1 and 5 years. The Group does not have a bargain purchase option to acquire the leased land at the expiration of the lease periods.

The future minimum lease payables for non-cancellable operating lease commitments were as follows:

	December 31	
	2018	2017
Not later than 1 year	$ 64,512	$ 77,154
Later than 1 year and not later than 5 years	25,614	47,222
	$ 90,126	$ 124,376

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

	For the Year Ended December 31	
	2018	2017
Minimum lease payments	$ 88,576	$ 90,135

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while considering operating risks and maximizing the returns to shareholders through the optimization of the debt and equity balance which were short-term and low fluctuation.

The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Under the recommendations of the key management, to balance the overall capital structure, the Group may adjust the number of new shares issued.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2018	**2017**
Financial assets		
Loans and receivables (1)	$ -	$ 4,525,067
Financial asset at amortized cost (2)	4,871,821	-
Financial liabilities		
Amortized cost (3)	3,000,014	2,471,504

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, and refundable deposits (included in other non-current assets).

2) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, and refundable deposits (included in other non-current assets).

3) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, trade payables to related parties, other payables, and guarantee deposit received (included in other non-current liabilities) that are measured at amortized cost.

c. Financial risk management objectives and policies

The Group's major financial instruments included trade receivables and trade payables. The Group's Corporate Treasury function provides services such as providing access to domestic and international financial markets, and monitoring and managing the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

The Corporate Treasury function reports periodically to the board of directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the movement of foreign exchange rate in USD and RMB.

The following table shows the Group's sensitivity to a 1% increase and decrease in the functional currencies of the Group entities against the relevant foreign currencies (the USD and RMB). A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pretax profit when the functional currencies of the Group entities weakened by 1% against the relevant foreign currency. For a 1% strengthening of the functional currencies of the Group entities against the relevant foreign currency, there would be an equal and opposite impact on pretax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2018	**2017**
Profit or loss	$ 22,151	$ 21,300

	RMB Impact	
	For the Year Ended December 31	
	2018	**2017**
Profit or loss	$ (27,285)	$ (25,422)

Above effect of profit and loss was mainly attributable to the exposure on USD bank deposits, USD receivables, USD payables, USD bank short-term borrowings, RMB bank deposits and RMB payables at the end of the reporting period.

The Group's sensitivity to the USD increased during the current period mainly because of an increase in USD receivable. The Group's sensitivity to RMB increased during the current period mainly because of an increase in RMB payables.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest risks at the end of the reporting period were as follows:

	December 31	
	2018	**2017**
Interest rate risk on fair value		
Financial assets	$ 1,312,552	$ 1,345,929
Interest rate risk on cash flow		
Financial assets	1,315,255	1,347,968
Financial liabilities	397,478	-

Sensitivity analysis

The sensitivity analysis in the next paragraph was based on the exposure of the Group's non-derivative instruments to interest rate risks at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by $9,178 thousand and $13,480 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank short-term borrowings.

The Group's sensitivity to interest rates decreased during the current period mainly because of the increase in floating-rate bank short-term borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation pertain to financial assets recognized in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

To minimize credit risk, the management of the Group 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 Group reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. Thus, management believes the Group's credit risk was significantly reduced.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Group had available unutilized short-term bank loan facilities set out in (2) below.

Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables show the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

For interest flows pertaining to floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2018

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,004,608	$ 597,701	$ 227	$ -
Variable interest rate liabilities	2,585	400,121	-	-
	$ 2,007,193	$ 997,822	$ 227	$ -

December 31, 2017

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 1,211,966	$ 1,259,307	$ 231	$ -

Financing facilities

	December 31	
	2018	2017
Unsecured bank loan facilities		
Amount used	$ 397,478	$ -
Amount unused	1,239,908	-
	$ 1,637,386	$ -

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Name	Related Party Category
RPS. SPA	Essential related parties (whose managing director is the key management personnel of the Group) (Note 1)
RIELLO UPS (ASIA) Co., Ltd.	Essential related parties (whose managing director is the key management personnel of the Group) (Note 2)
RIELLO UPS (SHANGHAI) Co., Ltd.	Essential related parties (whose managing director is the key management personnel of the Group) (Note 2)
FSP Technology Inc.	Key management personnel
WUXI Zhonghan Technology Co., Ltd.	Essential related parties (whose parent company is the key management personnel of the Group)
Juor-Ming Hsieh	Key management personnel
Mr. Hsieh	Essential related parties (the immediate family of the Company’s management)
Ms. Hsieh	Essential related parties (the immediate family of the Company’s management)
Ming Fang International Investment Co., Ltd.	Essential related parties

Note 1: RPS. SPA was the board of director member of the Company. Since the shareholders’ meeting was reelected on June 5, 2018, the managing director of RPS. SPA has served as a director.

Note 2: The parent company, RPS. SPA, was the board of director member of the Company. Since the shareholders’ meeting was reelected on June 5, 2018, the managing director of RPS. SPA has served as a director.

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31 2018	2017
Sales	Essential related parties	$ 312,775	$ 4,095
	Key management personnel	394,175	660,343
		$ 706,950	$ 664,438

The selling prices are not comparable due to same product not sold to third party in 2018 and 2017. Payment terms of related parties are to 135-150 days after the end of the month, respectively, and of third parties are 0-180 days.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2018	2017
Essential related parties	$ 4,803	$ -
Key management personnel	1,788	2,694
	$ 6,591	$ 2,694

The purchase prices are not comparable due to no purchase of above specified items from third parties in 2018 and 2017. Payment terms of related parties are 150 days and 60-150 days after every month end close, respectively, and of third parties are 30-90 days.

d. Contract liabilities

	December 31	
Related Party Category	**2018**	**2017**
Essential related parties	$ 2,240	$ -
Key management personnel	101	-
	$ 2,341	$ -

e. Trade receivables from related parties (excluding loans to related parties)

		December 31	
Line Item	**Related Party Category**	**2018**	**2017**
Trade receivables from related parties	Essential related parties	$ 107,492	$ -
	Key management personnel	71,708	145,221
		$ 179,200	$ 145,221

The outstanding trade receivables from related parties were unsecured. For the years ended December 31, 2018 and 2017, no impairment loss was recognized for trade receivables from related parties.

f. Trade payables to related parties (excluding loans from related parties)

		December 31	
Line Item	**Related Party Category**	**2018**	**2017**
Trade payables to related parties	Essential related parties	$ 995	$ 521

The outstanding trade payables from related parties are unsecured.

g. Other transactions with related parties

		December 31	
Line Item	**Related Party Category**	**2018**	**2017**
Receipts in advance	Essential related parties	$ -	$ 532
	Key management personnel	-	1,722
		$ -	$ 2,254
Refundable deposits	Essential related parties	$ 500	$ 1,067
	Key management personnel	-	207
		$ 500	$ 1,274

		For the Year Ended December 31	
		2018	2017
Rental expenses	Essential related parties	$ 3,205	$ 3,110
	Key management personnel	107	1,283
		$ 3,312	$ 4,393

In 2018 and 2017, the Group rented buildings from key management personnel and other related parties. The rental expenses, which were payable monthly, were based on current market prices.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	$ 81,162	$ 83,777
Post-employee benefits	628	747
Share-based payments	34,113	54,984
	$ 115,903	$ 139,508

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the end of the reporting period were as follows:

Unrecognized commitments are as follows:

	December 31	
	2018	2017
Acquisition of property, plant and equipment	$ 159,307	$ 656,419

30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In the meeting on February 25, 2019, the Board of directors approved a restricted shares plan of 682 thousand shares with a par value of NT$10, estimated recognition of compensation costs in the vesting period is $354,640 thousand. The Board authorizes the chairman to determine the issuance date for shares after shareholders' resolution on the meeting on June 25, 2019.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and New Taiwan dollars. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 98,314	30.7150 (USD:NTD)	$ 3,019,700
USD	440	6.8632 (USD:RMB)	13,524
RMB	209,840	4.4753 (RMB:NTD)	939,097
RMB	847,059	0.1457 (RMB:USD)	3,790,842
			$ 7,763,163
Financial liabilities			
Monetary items			
USD	15,592	30.7150 (USD:NTD)	$ 478,805
USD	11,047	6.8632 (USD:RMB)	339,308
RMB	847,059	4.4753 (RMB:NTD)	3,790,842
RMB	819,537	0.1457 (RMB:USD)	3,667,572
			$ 8,276,527

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 87,993	29.7600 (USD:NTD)	$ 2,618,658
USD	282	6.5342 (USD:RMB)	8,393
RMB	194,766	4.5545 (RMB:NTD)	887,061
RMB	770,146	0.1530 (RMB:USD)	3,507,629
			$ 7,021,741
Financial liabilities			
Monetary items			
USD	2,120	29.7600 (USD:NTD)	$ 63,091
USD	14,581	6.5342 (USD:RMB)	433,934
RMB	770,146	4.5545 (RMB:NTD)	3,507,629
RMB	752,935	0.1530 (RMB:USD)	3,429,239
			$ 7,433,893

The Group is mainly exposed to exchange risk of USD and RMB, and the following information was aggregated by the functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2018		2017	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	$ 89,870	1.00 (NTD:NTD)	$ (259,876)
USD	30.1492 (USD:NTD)	(1,898)	30.2992 (USD:NTD)	3,284
RMB	4.548 (RMB:NTD)	(35,294)	4.4929 (RMB:NTD)	28,412
		$ 52,678		$ (228,180)

32. SEGMENT INFORMATION

a. Financial information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable single segment is uninterruptible power supply. The related segment financial information was not necessary.

b. Geographical information

The Group's revenue from external customers by location of operations and information on its non-current assets by location of assets are shown below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2018	2017	2018	2017
Taiwan	$ 9,997,629	$ 8,710,973	$ 1,114,887	$ 951,690
China	1,410,265	1,151,257	1,056,152	558,030
	$ 11,407,894	$ 9,862,230	$ 2,171,039	$ 1,509,720

Non-current assets excluded non-current assets classified as deferred tax assets.

c. Major customers

No single customer contributed 10% or more to the Group's revenue for both 2018 and 2017.