

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditors' Report
for the Six-Month Periods Ended June 30, 2019 and 2018
(Stock Code: 8938)

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Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditors' Report for the Six-Month Periods
Ended June 30, 2019 and 2018

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Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Balance Sheet

June 30, 2019, December 31, 2018 and June 30, 2018

(The Consolidated Balance Sheet on June 30, 2019 and 2018 Were Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

Assets	Note	June 30, 2019		December 31, 2018		June 30, 2018		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,181,705	16	\$ 533,118	7	\$ 1,259,523	19
1110	Financial assets measured at fair value through profit or loss - current	6(2)		49	314	-	-	-
1136	Financial assets measured at amortized cost - current	6(3)	84,576	1	-	-	-	-
1150	Notes receivable - net	6(4)	10,083	-	11,181	-	10,950	-
1170	Accounts receivable - net	6(4)	2,189,351	29	2,738,892	36	2,053,920	32
1200	Other receivables		33,279	1	30,465	1	14,633	-
1220	Current income tax assets		6	-	-	-	484	-
130X	Inventories	6(5)	1,382,089	19	2,070,745	27	1,248,868	19
1410	Prepayments	6(7)	105,804	1	172,436	2	118,741	2
1470	Other current assets		9,751	-	7,804	-	35,627	1
11XX	Total current assets		<u>4,996,693</u>	<u>67</u>	<u>5,564,955</u>	<u>73</u>	<u>4,742,746</u>	<u>73</u>
Non-current assets								
1517	Financial assets measured at fair value through other comprehensive income - non-current	6(6)		55	55	-	55	-
1550	Investments accounted for using equity method	6(8)	4,434	-	4,333	-	-	-
1600	Property, plant and equipment	6(9) and 8	1,989,452	27	1,794,729	24	1,563,071	24
1755	Right-of-use assets	6(10)	208,863	3	-	-	-	-
1780	Intangible assets	6(11)	17,665	-	18,516	-	16,839	-
1840	Deferred income tax assets		47,424	1	55,784	1	50,577	1
1915	Prepayments for business facilities		147,489	2	111,176	1	81,547	1
1990	Other non-current assets - others	6(12) and 8	36,373	-	54,521	1	51,753	1
15XX	Total non-current assets		<u>2,451,755</u>	<u>33</u>	<u>2,039,114</u>	<u>27</u>	<u>1,763,842</u>	<u>27</u>
1XXX	Total assets		<u>\$ 7,448,448</u>	<u>100</u>	<u>\$ 7,604,069</u>	<u>100</u>	<u>\$ 6,506,588</u>	<u>100</u>

(Continued)

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Balance Sheet

June 30, 2019, December 31, 2018 and June 30, 2018

(The Consolidated Balance Sheet on June 30, 2019 and 2018 Were Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

Liabilities and Equity	Note	June 30, 2019		December 31, 2018		June 30, 2018		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6(13) and 8	\$ 112,610	1	\$ 167,109	2	\$ 50,861	1
2110	Short-term bills payable	6(14)	-	-	-	-	49,984	1
2120	Financial liabilities measured at fair value through profit or loss - current	6(2)	94	-	-	-	1,936	-
2150	Notes payable		766	-	3,319	-	566	-
2170	Accounts payable		923,784	12	1,644,166	22	945,258	14
2200	Other payables	6(15)	1,167,422	16	1,053,104	14	1,225,534	19
2230	Income tax liabilities		196,662	3	158,433	2	90,696	1
2280	Lease liabilities - current		42,506	1	-	-	-	-
2300	Other current liabilities		76,773	1	46,831	1	43,476	1
21XX	Total current liabilities		<u>2,520,617</u>	<u>34</u>	<u>3,072,962</u>	<u>41</u>	<u>2,408,311</u>	<u>37</u>
Non-current liabilities								
2540	Long-term borrowings	6(16) and 8	249,590	3	93,880	1	18,880	-
2570	Deferred income tax liabilities		169,676	2	143,051	2	116,972	2
2580	Lease liabilities - non-current		134,076	2	-	-	-	-
2640	Net defined benefit liability - non-current		76,253	1	76,259	1	69,473	1
2670	Other non-current liabilities - others		941	-	4,819	-	575	-
25XX	Total non-current liabilities		<u>630,536</u>	<u>8</u>	<u>318,009</u>	<u>4</u>	<u>205,900</u>	<u>3</u>
2XXX	Total liabilities		<u>3,151,153</u>	<u>42</u>	<u>3,390,971</u>	<u>45</u>	<u>2,614,211</u>	<u>40</u>
Equity								
Equity attributable to shareholders of the parent company								
Share capital								
3110	Capital of common shares	6(18)	1,353,127	18	1,353,127	18	1,353,127	21
Capital reserve								
3200	Capital reserve	6(19)	781,236	11	781,236	9	781,236	12
Retained earnings								
3310	Legal reserve	6(20)	799,969	11	743,087	10	743,087	12
3320	Special reserve		75,285	1	65,616	1	65,616	1
3350	Undistributed earnings		967,306	13	979,701	13	661,723	10
Other equity								
3400	Other equity		(57,330)	(1)	(75,285)	(1)	(46,799)	(1)
31XX	Total equity attributable to shareholders of the parent company		<u>3,919,593</u>	<u>53</u>	<u>3,847,482</u>	<u>50</u>	<u>3,557,990</u>	<u>55</u>
36XX	Non-controlling interests	4(3)	<u>377,702</u>	<u>5</u>	<u>365,616</u>	<u>5</u>	<u>334,387</u>	<u>5</u>
3XXX	Total equity		<u>4,297,295</u>	<u>58</u>	<u>4,213,098</u>	<u>55</u>	<u>3,892,377</u>	<u>60</u>
Important contingent liabilities and unrecognized contractual commitments								
3X2X	Total liabilities and equity		<u>\$ 7,448,448</u>	<u>100</u>	<u>\$ 7,604,069</u>	<u>100</u>	<u>\$ 6,506,588</u>	<u>100</u>

(The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements. Please refer to them as well.)

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to June 30, 2019 and January 1 to June 30, 2018

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

(Except for Earnings Per Share Presented in New Taiwan Dollars)

Item	Note	April 1, 2019 to June 30, 2019		April 1, 2018 to June 30, 2018		January 1, 2019 to June 30, 2019		January 1, 2018 to June 30, 2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue	6(21)	\$ 2,723,232	100	\$ 2,641,046	100	\$ 6,204,089	100	\$ 5,360,851	100
5000 Operating costs	6(5)(11)(25)(26)	(2,298,084)	(84)	(2,318,299)	(88)	(5,213,799)	(84)	(4,679,642)	(87)
5900 Gross operating profit		<u>425,148</u>	<u>16</u>	<u>322,747</u>	<u>12</u>	<u>990,290</u>	<u>16</u>	<u>681,209</u>	<u>13</u>
Operating expenses	6(11)(25)(26)								
6100 Selling expense		(49,135)	(2)	(48,118)	(2)	(100,136)	(2)	(98,729)	(2)
6200 Administrative expense		(101,709)	(4)	(103,372)	(4)	(209,261)	(3)	(203,155)	(4)
6300 Research and development expenses		(110,748)	(4)	(91,936)	(3)	(217,291)	(4)	(178,278)	(3)
6450 Expected credit impairment gain (loss)		(2,217)	-	720	-	(2,956)	-	2,854	-
6000 Total operating expenses		<u>(263,809)</u>	<u>(10)</u>	<u>(242,706)</u>	<u>(9)</u>	<u>(529,644)</u>	<u>(9)</u>	<u>(477,308)</u>	<u>(9)</u>
6500 Other income and expenses - net	6(22)	<u>26,683</u>	<u>1</u>	<u>30,815</u>	<u>1</u>	<u>48,772</u>	<u>1</u>	<u>57,001</u>	<u>1</u>
6900 Operating income		<u>188,022</u>	<u>7</u>	<u>110,856</u>	<u>4</u>	<u>509,418</u>	<u>8</u>	<u>260,902</u>	<u>5</u>
Non-operating income and expenses									
7010 Other income	6(23)	2,455	-	2,725	-	8,093	-	4,741	-
7020 Other gains and losses	6(2)(24)	54,649	2	131,288	5	31,445	1	56,383	1
7050 Finance costs	6(9)(10)	(1,370)	-	(49)	-	(3,078)	-	(126)	-
7060 Share of the profit (loss) of associates and joint ventures accounted for using equity method	6(8)	82	-	-	-	55	-	-	-
7000 Total non-operating income and expenses		<u>55,816</u>	<u>2</u>	<u>133,964</u>	<u>5</u>	<u>36,515</u>	<u>1</u>	<u>60,998</u>	<u>1</u>
7900 Income before tax		<u>243,838</u>	<u>9</u>	<u>244,820</u>	<u>9</u>	<u>545,933</u>	<u>9</u>	<u>321,900</u>	<u>6</u>
7950 Income tax expense	6(27)	(80,636)	(3)	(43,419)	(1)	(164,025)	(3)	(73,181)	(1)
8200 Net income		<u>\$ 163,202</u>	<u>6</u>	<u>\$ 201,401</u>	<u>8</u>	<u>\$ 381,908</u>	<u>6</u>	<u>\$ 248,719</u>	<u>5</u>
Other comprehensive income									
Items that are not reclassified subsequently to profit or loss									
8349 Income tax-related items that are not reclassified subsequently to profit or loss	6(27)	\$ -	-	\$ -	-	\$ -	-	\$ 493	-
Items that may be reclassified subsequently to profit or loss:									
8361 Exchange differences on translation of foreign financial statements		(13,750)	(1)	9,179	-	17,955	-	18,817	-
8300 Other comprehensive income (loss), net		<u>(\$ 13,750)</u>	<u>(1)</u>	<u>\$ 9,179</u>	<u>-</u>	<u>\$ 17,955</u>	<u>-</u>	<u>\$ 19,310</u>	<u>-</u>
8500 Total comprehensive income (loss)		<u>\$ 149,452</u>	<u>5</u>	<u>\$ 210,580</u>	<u>8</u>	<u>\$ 399,863</u>	<u>6</u>	<u>\$ 268,029</u>	<u>5</u>
Net income (loss) attributable to:									
8610 Owners of the parent company		\$ 146,137	5	\$ 189,029	8	\$ 351,844	6	\$ 244,369	5
8620 Non-controlling interests		17,065	1	12,372	-	30,064	-	4,350	-
Total		<u>\$ 163,202</u>	<u>6</u>	<u>\$ 201,401</u>	<u>8</u>	<u>\$ 381,908</u>	<u>6</u>	<u>\$ 248,719</u>	<u>5</u>
Total comprehensive income (loss) attributable to:									
8710 Owners of the parent company		\$ 132,387	4	\$ 198,208	8	\$ 369,799	6	\$ 263,679	5
8720 Non-controlling interests		17,065	1	12,372	-	30,064	-	4,350	-
Total		<u>\$ 149,452</u>	<u>5</u>	<u>\$ 210,580</u>	<u>8</u>	<u>\$ 399,863</u>	<u>6</u>	<u>\$ 268,029</u>	<u>5</u>
Earnings per share	6(28)								
9750 Basic		<u>\$</u>	<u>1.08</u>	<u>\$</u>	<u>1.40</u>	<u>\$</u>	<u>2.60</u>	<u>\$</u>	<u>1.81</u>
9850 Diluted		<u>\$</u>	<u>1.08</u>	<u>\$</u>	<u>1.39</u>	<u>\$</u>	<u>2.59</u>	<u>\$</u>	<u>1.79</u>

(The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements. Please refer to them as well.)

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to June 30, 2019 and January 1 to June 30, 2018
(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

	Notes	Equity attributable to shareholders of the parent company										
		Capital reserve				Retained earnings			Exchange differences on arising from translation of foreign financial statements	Total	Non-controlling interests	Total equity
Capital of common shares	Share premium	Changes in ownership interest in subsidiaries	Others	Legal reserve	Special reserve	Undistributed earnings						
<u>January 1, 2018 ~ June 30, 2018</u>												
Balance as of January 1, 2018		\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 698,847	\$ 21,412	\$ 857,111	(\$ 65,610)	\$ 3,646,122	\$ 341,277	\$ 3,987,399
Net income		-	-	-	-	-	-	244,369	-	244,369	4,350	248,719
Other comprehensive income (loss)		-	-	-	-	-	-	493	18,817	19,310	-	19,310
Total comprehensive income (loss)		-	-	-	-	-	-	244,862	18,817	263,679	4,350	268,029
Earnings appropriation and allocation for 2017:												
Legal reserve		-	-	-	-	44,240	-	(44,240)	-	-	-	-
Provision of special reserve		-	-	-	-	-	44,204	(44,204)	-	-	-	-
Cash dividends for common shares	6(20)	-	-	-	-	-	-	(351,813)	-	(351,813)	-	(351,813)
Non-controlling interests		-	-	-	-	-	-	-	-	-	(11,235)	(11,235)
Balance as of June 30, 2018		\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 743,087	\$ 65,610	\$ 661,722	(\$ 46,790)	\$ 3,557,990	\$ 334,387	\$ 3,892,377
<u>January 1, 2019 ~ June 30, 2019</u>												
Balance as of January 1, 2019		\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 743,087	\$ 65,610	\$ 979,700	(\$ 75,282)	\$ 3,847,482	\$ 365,610	\$ 4,213,092
Net income		-	-	-	-	-	-	351,844	-	351,844	30,064	381,908
Other comprehensive income (loss)		-	-	-	-	-	-	-	17,955	17,955	-	17,955
Total comprehensive income (loss)		-	-	-	-	-	-	351,844	17,955	369,799	30,064	399,863
Earnings appropriation and allocation for 2018:												
Legal reserve		-	-	-	-	56,882	-	(56,882)	-	-	-	-
Provision of special reserve		-	-	-	-	-	9,669	(9,669)	-	-	-	-
Cash dividends for common shares	6(20)	-	-	-	-	-	-	(297,688)	-	(297,688)	-	(297,688)
Non-controlling interests		-	-	-	-	-	-	-	-	-	(17,978)	(17,978)
Balance as of June 30, 2019		\$ 1,353,127	\$ 739,866	\$ 16,480	\$ 24,890	\$ 799,969	\$ 75,282	\$ 967,300	(\$ 57,330)	\$ 3,919,592	\$ 377,702	\$ 4,297,294

(The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements. Please refer to them as well.)

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to June 30, 2019 and January 1 to June 30, 2018

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars

	Notes	January 1, 2019 to June 30, 2019	January 1, 2018 to June 30, 2018
<u>Cash flows from operating activities</u>			
Net profit before tax		\$ 545,933	\$ 321,900
Adjustments:			
Income and expense item			
Depreciation	6(9)(10)(25)	171,061	151,166
Amortization (including amortization of long-term rental prepayments)	6(25)	8,540	10,153
Expected credit impairment loss (gain)	12(2)	2,956	(2,854)
Net losses from financial assets and liabilities measured at fair value through profit or loss	6(24)	1,408	4,268
Interest income	6(23)	(3,411)	(3,319)
Interest expense		3,078	48
Loss on disposal and retirement of property, plant and equipment	6(24)	4,842	186
Reclassification of property, plant and equipment to expense		346	270
Reversal of impairment losses on non-financial assets		-	(23)
Share of the profit (loss) of associates and joint ventures accounted for using equity method	6(8)	(55)	-
Changes in operating assets and liabilities:			
Net changes in operating assets			
Financial assets measured at fair value through profit or loss - current		(566)	2,783
Notes receivable		1,098	(4,970)
Accounts receivable		562,184	251,319
Other receivables		(2,491)	4,790
Inventories		708,059	262,530
Prepayments		68,590	8,485
Other current assets		(1,941)	(29,267)
Net changes in operating liabilities			
Financial liabilities measured at fair value through profit or loss - current		(481)	(3,715)
Notes payable		(2,553)	(1,131)
Accounts payable		(740,509)	(270,066)
Other payables		(169,797)	(221,851)
Other current liabilities		29,927	7,317
Net defined benefit liability - non-current		(6)	(3)
Other non-current liabilities - others		(3,886)	-
Cash provided by operating activities		1,182,326	488,016
Income tax paid for the current period		(89,839)	(29,347)
Net cash provided by operating activities		1,092,487	458,669

(Continued)

Advanced International Multitech Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
January 1 to June 30, 2019 and January 1 to June 30, 2018

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)
Unit: In Thousands of New Taiwan Dollars

	Notes	January 1, 2019 to June 30, 2019	January 1, 2018 to June 30, 2018
<u>Cash provided by investing activities</u>			
Increase in financial assets measured at amortized cost - current	6(3)	(\$ 84,576)	\$ -
Acquisition of property, plant and equipment	6(30)	(253,200)	(159,507)
Increase in prepayment for business facilities		(106,714)	(44,656)
Proceeds from disposal of property, plant and equipment		782	162
Acquisition of right-of-use assets	6(10)	(66,242)	-
Acquisition of intangible assets	6(11)	(4,363)	(2,440)
Increase in refundable deposits		(4,337)	(205)
Decrease in refundable deposits		277	243
Increase in other non-current assets		(4,369)	(11,952)
Interest received		3,276	3,228
Net cash used in investing activities		(519,466)	(215,127)
<u>Cash provided by (used in) financing activities</u>			
Increase in short-term borrowings	6(31)	411,792	140,863
Decrease in short-term borrowings	6(31)	(466,291)	(180,456)
Increase in short-term bills payables	6(31)	-	130,000
Decrease in short-term bills payables	6(31)	-	(80,000)
Repayment of the principal amount of rentals	6(31)	(21,855)	-
Increase in long-term borrowings	6(31)	155,710	18,880
Increase in deposits received		23	45
Interest paid		(3,018)	(53)
Net cash provided by financing activities		76,361	29,279
Effect of exchange rate changes on cash and cash equivalents		(795)	(2,376)
Increase in cash and cash equivalents for the current period		648,587	270,445
Cash and cash equivalents, beginning of the period		533,118	989,078
Cash and cash equivalents, end of the period		\$ 1,181,705	\$ 1,259,523

(The accompanying Notes to the Consolidated Financial Statements are an integral part of the consolidated financial statements.
Please refer to them as well.)

Chairman: Hsi-Chien Cheng

Manager: Hsi-Chien Cheng

Accounting Manager: Yi-Miao Kuo

Advanced International Multitech Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

for the Six-Month Periods Ended June 30, 2019 and 2018

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the
Republic of China)

Unit: In Thousands of New Taiwan Dollars

(Unless Otherwise Specified)

I. Company Profile

- (I) Established on July 20, 1987, Advanced International Multitech Co., Ltd. ("the Company" hereinafter) started operation in January 1988 under its former name as Advanced Composite Design Co., Ltd, with capital in the amount of NT\$ 45,000 thousand. The capital further increased to NT\$ 187,170 thousand after the Company's merger and acquisition of its subsidiaries, namely Dian Precision Casting Co., Ltd. and Advanced International Co. Ltd., on July 1, 1998. As of June 30, 2019, the Company had an authorized capital in the amount of NT\$ 1,800,000 thousand (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible corporate bonds), and a paid-in capital in the amount of NT\$ 1,353,127 thousand, representing 135,313 thousand shares with each share priced at NT\$ 10. The Company and subsidiaries are mainly engaged in manufacturing, processing, trading, import and export of carbon fiber prepreg materials, and carbon fiber products (e.g. baseball bat, billiard stick, arrow target, golf club shaft and head, fishing tools, bicycle and accessories), as well as composite materials, namely carbon fiber fabrics, for aviation industry.
- (II) The Company's stocks have been traded on the Taipei Exchange ("TPEX" hereinafter) since December 2002.

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements were released on August 5, 2019 after being approved by the Board of Directors.

III. Application of New and Amended International Financial Reporting Standards and Interpretations

- (I) Effects of the adoption of new and amended IFRSs endorsed by the Financial Supervisory Commission ("FSC"):

The following table summarizes the new, revised, and amended standards and interpretations of IFRSs endorsed by the FSC that are applicable in 2019:

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IFRS 16 - Leases	January 1, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	January 1, 2019
Long-term Interests in Associates and Joint Ventures	January 1, 2019

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
(Amendments to IAS 28)	
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance, except for those stated below:

IFRS 16 "Leases"

1. IFRS 16 "Leases" supersedes IAS 17 "Leases" and its relevant IFRIC interpretations and SIC interpretations. IFRS 16 requires that a lessee recognize right-of-use assets and lease liabilities for all leases unless the lease is less than 12 months or the underlying asset has a low value. Accounting treatment under IFRS 16 for a lessor is substantially unchanged, which allows a lessor to continue to classify leases as either operating or finance, except that additional disclosures are required.
2. When applying the 2019 version of IFRSs as endorsed by the FSC, the Group elects to adopt IFRS 16 without restating the comparative information ("modified retrospective approach" hereinafter) and made adjustments to lessee lease contracts by increasing the right-of-use assets by NT\$ 164,196 and lease liabilities by NT\$ 131,104 and reducing long-term lease prepayments by NT\$ 33,092 on January 1, 2019.
3. Upon initial adoption of IFRS 16, the Group adopts the following practical expedients:
 - (1) Contracts that have previously been identified as leases under IAS 17 and IFRIC 4 are not reassessed as to whether they are (or contain) leases but are treated by applying related IFRS 16 requirements.
 - (2) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (3) Excluding the initial direct costs from the measurement of the right-of-use assets.
 - (4) Using hindsight in determining the lease term when the contracts contain options to extend or terminate the leases.
4. When calculating the present value of the lease liability, the Group uses its incremental borrowing rate of between 1.26% and 5.80%.
5. The Group discloses the amounts of its operating lease commitments pursuant to IAS 17. Below is the reconciliation of the present value after discount using the incremental borrowing rate upon the initial application date and the lease liability recognized on January 1, 2019.

Operating lease commitments applying IFRS 17 "Disclosures" as at December 31, 2018	\$	16,559
Add: Reassessment of lease contracts that were originally identified as a service contract		21,351
Adjustment to the assessment of reasonable certainty of the extension right and the termination right		<u>96,604</u>
Total value of lease contracts for which the recognition of a lease liability is required pursuant to IFRS 16 as at January 1, 2019	\$	<u>134,514</u>
The Group's incremental borrowing rate as at the initial application date		1.26%~5.80%
Lease liability recognized pursuant to IFRS 16 as at January 1, 2019	\$	<u>131,104</u>

(II) Effects of not yet applying the newly-announced and revised IFRSs endorsed by the FSC:

None.

(III) Effects of IFRSs issued by IASB but not yet endorsed by the FSC:

The following table summarizes the new, amended, revised standards and interpretation of IFRSs that have been issued by IASB but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective date issued by the International Accounting Standards Board (IASB)
Amendments to IAS 1 and IAS 8 - Disclosure Initiative - Definition of Material	January 1, 2020
Amendment to IFRS 3 - Definition of Business	January 1, 2020
Amendment to IFRS 10 and IAS 28 - Sales or Contributions of Assets between Its Associate/Joint Venture	Yet to be determined by the IASB
IFRS 17 - Insurance Contracts	January 1, 2021

The Group assessed the effects of adopting the aforementioned standards and interpretations and found no significant effects on the Group's financial position and financial performance.

IV. Summary of Significant Accounting Policies

Among the significant accounting policies, except for the compliance statement, preparation basis, consolidation basis and newly-added parts which are stated below, the rest are the same as Note 4 of the 2018 consolidated financial statements. Unless otherwise stated, the policies shall be applicable to all reporting periods presented.

(I) Statement of compliance

1. The consolidated financial statements are prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and the FSC endorsed IAS 34 "Interim Financial Reporting."
2. These consolidated financial statements shall be read together with the 2018 consolidated financial statements.

(II) Basis of Preparation

1. Except for the following significant items, these consolidated financial statements have been prepared under the historical cost convention:

- (1) Financial assets and liabilities measured at fair value through profit or loss (including derivatives).
 - (2) Financial assets measured at fair value through other comprehensive income.
 - (3) Defined benefit liability is derived from retirement plan assets less the present value of net defined benefit obligation.
2. Critical accounting estimates are required in preparing a set of financial statements in compliance with the FSC endorsed version of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations (collectively referred to as "IFRSs"). Management judgments are also required in the process of applying the Group's accounting policies. For items that are highly judgmental, complex, or related to significant assumptions and estimates of the consolidated financial statements, please refer to Note 5.

(III) Basis of consolidation

1. Preparation Principles for the Consolidated Financial Statements:

The principles followed in preparing these consolidated financial statements are the same as those in 2018.

2. Subsidiaries that are consolidated into the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%)			Descriptions
			June 30, 2019	December 31, 2018	June 30, 2018	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (BVI) Co., Ltd.	Overseas investment	100	100	100	Note
Advanced International Multitech Co., Ltd.	Advanced Group International (BVI) Co., Ltd.	Overseas investment	100	100	100	
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	Engaged in the production and sales of various golf club shafts and heads, and golf sets.	100	100	100	Note
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd. (LTC)	Engaged in production of sports products, other plastic products and international trade	55.93	55.93	55.93	
Advanced Group International (BVI) Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd	Engaged in production, import and export of carbon fiber prepreg materials and sports products	100	100	100	
Advanced	Advanced	Engaged in	100	100	100	Note

Investor	Subsidiary	Main Business Activities	Ownership (%)			Descriptions
			June 30, 2019	December 31, 2018	June 30, 2018	
International Multitech (BVI) Co., Ltd.	Sporting Goods (Shatian, Dongguan) Co., Ltd.	production, import and export of carbon fiber prepreg materials and sports products				

Note : The financial statements of such insignificant subsidiaries for the six-month periods ended June 30, 2019 and 2018 are not reviewed by a CPA.

3. Subsidiaries that are not consolidated into the consolidated financial statements: None.
4. Different accounting and adjustments adopted by subsidiaries in the accounting period: None.
5. Significant restrictions: None.
6. Subsidiaries in which the Group has a material non-controlling interest:
As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group's non-controlling interests totaled NT\$ 377,702 thousand, NT\$ 365,616 thousand, and NT\$ 334,387 thousand, respectively. Stated below is the information in respect of the Group's significant non-controlling interests and the corresponding subsidiaries:

Subsidiary	Principal place of business	Non-controlling interests						Descriptions
		June 30, 2019		December 31, 2018		June 30, 2018		
		Amount	Ownership (%)	Amount	Ownership (%)	Amount	Ownership (%)	
Launch Technologies Co., Ltd. (LTC)	Taiwan	\$ 377,702	44.07	\$ 365,616	44.07	\$ 334,387	44.07	-

Summary of the financial information of subsidiaries is as follows:

Balance Sheets

	Launch Technologies Co., Ltd. (LTC)		
	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	\$ 618,604	\$ 554,395	\$ 521,063
Non-current assets	945,431	697,134	567,255
Current liabilities	(375,572)	(323,520)	(309,472)
Non-current liabilities	(337,424)	(98,396)	(20,092)
Total net assets	\$ 857,039	\$ 829,613	\$ 758,754

Statements of Comprehensive Income

	Launch Technologies Co., Ltd. (LTC)	
	April 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Revenue	\$ 458,768	\$ 410,719
Income before tax	52,034	33,174
Income tax expense	(13,311)	(5,099)
Net income	38,723	28,075
Other comprehensive income (net after tax)	-	-
Total comprehensive income (loss)	\$ 38,723	28,075

	Launch Technologies Co., Ltd. (LTC)	
	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Revenue	\$ 876,619	\$ 725,528
Income before tax	84,899	9,138
Income tax gain (expense)	(16,681)	733
Net income	68,218	9,871
Other comprehensive income (net after tax)	-	-
Total comprehensive income (loss)	\$ 68,218	\$ 9,871

Statements of Cash Flows

	Launch Technologies Co., Ltd. (LTC)	
	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Net cash provided by operating activities	\$ 130,251	\$ 23,314
Net cash used in investing activities	(187,374)	(52,670)
Net cash provided by financing activities	114,861	38,545
Increase in cash and cash equivalents for the current period	57,738	9,189
Cash and cash equivalents, beginning of the period	39,462	49,534
Cash and cash equivalents, end of the period	\$ 97,200	\$ 58,723

(IV) Lease transaction in the capacity of a lessee - Right-of-use assets/Lease liabilities
Applicable for the annual periods beginning on or after January 1, 2019

1. A right-of-use asset and a lease liability are recognized for a leased asset on the date when it becomes readily available for the Group's use. When a lease contract is a short-term lease or when it is a lease of which the underlying asset is of low value, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. A lease liability is recognized at the commencement date of the lease in the amount equal to the present value of the remaining lease payments (i.e. the remaining lease payments discounted at the Group's incremental borrowing

rate.) Lease payments include:

- (1) Fixed payments, less any lease incentives receivables;
- (2) Variable lease payments that based on the current value of an index or a rate;
- (3) Lease payments expected to be payable by the Group under the residual value guarantee; and
- (4) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is allocated over the lease term. When a change in the lease term or lease payments occurs due to reasons other than lease modifications, lease liabilities are reassessed and the remeasurements are adjusted to the right-of-use assets.

3. At the commencement date, the right-of-use asset should be measured at cost.

Cost comprises:

- (1) The amount of the initial measurement of the lease liability;
- (2) Any lease payments made at or before the commencement date;
- (3) Any initial direct costs incurred; and
- (4) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A right-of-use asset is subsequently measured using the cost model and depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset and the end of the lease term. When a lease liability is reassessed, the right-of-use asset is adjusted for any remeasurements of the lease liability.

(V) Leased Assets/Operating Lease (Lessee)

Applicable for the years beginning on or after January 1, 2018

For operating leases, lease payments (excluding incentives from the lessor) are amortized on a straight-line basis over the lease term and recognized in profit or loss.

(VI) Employee benefits

Pensions - Defined Benefits Plans

The pension cost in the interim period is based on the pension cost ratio decided upon actuation at the closing day of previous FY, from beginning until end of the year. If, after the closing date, there incurs material market changes, settlement, or other material one-time event, the defined benefit plans are to be adjusted, and relevant information is to be disclosed in accordance with the aforementioned policies.

(VII) Income tax

1. Income tax expense in the interim is computed by applying the estimated average effective tax rate in annual term to the pre-tax profit or loss in the interim, and is disclosed in accordance with the afore-mentioned policies.
2. If tax rate changes occur in the interim, the Group recognizes all effects of changes to the period when such changes accrue; for income tax attributable to items not included in profit or loss, effects of changes are recognized in other comprehensive income or equity; and for income tax related to items included in profit or loss, effects of changes are recognized in profit or loss.

V. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

There is no material change in the period.

VI. Descriptions of Major Accounting Subjects

(I) Cash and cash equivalents

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Cash on hand and revolving funds	\$ 1,291	\$ 847	\$ 949
Checking deposits and demand deposits	851,635	397,408	773,704
Cash equivalents - Time deposits	266,759	134,863	332,820
Cash equivalents - Repo bonds	62,020	-	152,050
	<u>\$ 1,181,705</u>	<u>\$ 533,118</u>	<u>\$ 1,259,523</u>

1. The Group deals with financial institutions having high credit quality. The Group also deals with various financial institutions in order that credit risks can be diversified. Therefore, the expected risk of default is pretty low.
2. No cash or its equivalent are pledged as collateral by the Group.

(II) Financial assets and liabilities measured at fair value through profit or loss (FVTPL)

Item	June 30, 2019	December 31, 2018	June 30, 2018
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging derivatives	\$ 49	\$ 314	\$ -
Adjustment for valuation	-	-	-
	<u>\$ 49</u>	<u>\$ 314</u>	<u>\$ -</u>
Financial liabilities held for trading			
Non-hedging financial derivatives	\$ 94	\$ -	\$ 1,936
Adjustment for valuation	-	-	-
	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 1,936</u>

1. Losses recognized for financial assets and liabilities measured at FVTPL are detailed as follows:

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	(\$ 1,643)	(\$ 10,465)
	<u>(\$ 1,643)</u>	<u>(\$ 10,465)</u>
	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	(\$ 1,408)	(\$ 4,268)
	<u>(\$ 1,408)</u>	<u>(\$ 4,268)</u>

2. Below states the Group's engagement in transactions and contracts of financial derivative assets and liabilities that do not apply hedge accounting:

June 30, 2019		
Derivative financial assets	Contract amount (nominal principal)	Contract Duration
Current items:		
Forward exchange contracts	USD 145 thousand	June 13, 2019 - July 10, 2019
Derivative financial liabilities	Contract amount (nominal principal)	Contract Duration
Current items:		
Forward exchange contracts	USD 1,000 thousand	June 14, 2019 - July 12, 2019
December 31, 2018		
Derivative financial assets	Contract amount (nominal principal)	Contract Duration
Current items:		
Forward exchange contracts	USD 2,496 thousand	December 10, 2018 - January 18, 2019
June 30, 2018		
Derivative financial liabilities	Contract amount (nominal principal)	Contract Duration
Current items:		
Forward exchange contracts	USD 2,680 thousand	June 6, 2018 - September 25, 2018

The Group entered into foreign exchange forward contracts to sell US dollars in order to hedge the risk arising from purchase and sales of goods. However, such transactions did not apply hedge accounting.

3. For information on the credit risks of financial assets measured at FVTPL, please refer to Note 12(2).

(III) Financial assets measured at amortized cost

Item	June 30, 2019	December 31, 2018	June 30, 2018
Current items:			
Time deposits with original maturity of more than three months	\$ 84,576	\$ -	\$ -

- The amounts that best represent the maximum credit risk exposure of the Group's financial assets measured at amortized cost as at June 30, 2019, December 31, 2018 and June 30, 2018 without taking account of any collateral held or other credit enhancements were NT\$ 84,576 thousand, NT\$ 0, and NT\$ 0.
- For information on the credit risks of financial assets measured at amortized cost, please refer to Note 12(2).

(IV) Notes receivables and accounts receivables

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Notes receivable	\$ 10,083	\$ 11,181	\$ 10,950
Accounts receivable	\$ 2,193,971	\$ 2,740,556	\$ 2,059,686
Less: loss allowance	(4,620)	(1,664)	(5,766)
	<u>\$ 2,189,351</u>	<u>\$ 2,738,892</u>	<u>\$ 2,053,920</u>

1. Aging analysis of accounts receivable and notes receivable is stated as follows:

	<u>June 30, 2019</u>		<u>December 31, 2018</u>		<u>June 30, 2018</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not overdue	\$ 10,083	\$ 1,948,206	\$ 11,181	\$ 2,586,532	\$ 10,950	\$ 1,823,552
Overdue:						
Up to 30 days	-	238,528	-	138,360	-	209,208
31 to 90 days	-	2,489	-	14,903	-	19,910
91 to 180 days	-	3,772	-	612	-	3,958
Over 181 days	-	976	-	149	-	3,058
	<u>\$ 10,083</u>	<u>\$ 2,193,971</u>	<u>\$ 11,181</u>	<u>\$ 2,740,556</u>	<u>\$ 10,950</u>	<u>\$ 2,059,686</u>

The above aging analysis is based on the number of days past due.

2. As of June 30, 2019, December 31, 2018, June 30, 2018 and January 1, 2018, the balance of the Group's accounts receivables (including notes receivables) derived from contracts with customers were NT\$ 2,204,054 thousand, NT\$ 2,751,737 thousand, NT\$ 2,070,636 thousand, and NT\$ 2,304,240 thousand, respectively.
3. No accounts receivables or notes receivables were pledged as collateral by the Group.
4. When not taking into account of any collateral or credit enhancements held, the amounts the best represent the maximum credit exposure of the Group's notes receivables as at June 30, 2019, December 31, 2018 and June 30, 2018 were NT\$ 10,083 thousand, NT\$ 11,181 thousand, and NT\$ 10,950 thousand, respectively; and the amounts that best represent the maximum credit exposure of the Group's accounts receivables as at June 30, 2019, December 31, 2018 and June 30, 2018 were NT\$ 2,189,351 thousand, NT\$ 2,738,892 thousand, and NT\$ 2,053,920 thousand, respectively.
5. For credit risks of accounts receivables and notes receivables, please refer to Note 12(2).

(V) Inventories

	June 30, 2019		
	Cost	Allowance for price decline	Book value
Raw materials	\$ 762,462	(\$ 29,008)	\$ 733,454
Work in progress	244,330	(2,520)	241,810
Finished goods	382,366	(14,145)	368,221
Inventory in transit	38,604	-	38,604
	<u>\$ 1,427,762</u>	<u>(\$ 45,673)</u>	<u>\$ 1,382,089</u>

	December 31, 2018		
	Cost	Allowance for price decline	Book value
Raw materials	\$ 826,322	(\$ 28,467)	\$ 797,855
Work in progress	447,152	(4,220)	442,932
Finished goods	809,920	(24,900)	785,020
Inventory in transit	44,938	-	44,938
	<u>\$ 2,128,332</u>	<u>(\$ 57,587)</u>	<u>\$ 2,070,745</u>

	June 30, 2018		
	Cost	Allowance for price decline	Book value
Raw materials	\$ 572,563	(\$ 20,943)	\$ 551,620
Work in progress	263,890	(5,487)	258,403
Finished goods	417,957	(21,350)	396,607
Inventory in transit	42,238	-	42,238
	<u>\$ 1,296,648</u>	<u>(\$ 47,780)</u>	<u>\$ 1,248,868</u>

The Group's inventory cost recognized as an expense for the current period:

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Cost of inventories sold	\$ 2,310,127	\$ 2,328,456
Loss from price decline	(13,080)	(10,184)
Retirement loss	3,284	3,299
Others	(2,247)	(3,272)
	<u>\$ 2,298,084</u>	<u>\$ 2,318,299</u>

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Cost of inventories sold	\$ 5,225,542	\$ 4,697,992
Loss from price decline	(12,341)	(24,344)
Retirement loss	4,930	7,868
Others	(4,332)	(1,874)
	<u>\$ 5,213,799</u>	<u>\$ 4,679,642</u>

A decrease in cost to sell was recognized due to the recovery of the net realizable value of inventories contributed by the well-performed de-stocks and retirement of some inventory as at the period between January 1 and June 30, 2019 and 2018.

(VI) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Item	June 30, 2019	December 31, 2018	June 30, 2018
Non - current items:			
Unlisted stocks	\$ 55	\$ 55	\$ 55
Adjustment for valuation	-	-	-
	<u>\$ 55</u>	<u>\$ 55</u>	<u>\$ 55</u>

1. The Group elects to classify its strategic equity investments as financial assets measured at FVTOCI. The fair value of such investments as at June 30, 2019, December 31, 2018 and June 30, 2018 amounted to NT\$ 722 thousand, NT\$ 706 thousand, and NT\$ 642 thousand, respectively.
2. No financial asset measured at FVTOCI was pledged by The Group as collateral.

(VII) Prepayments

	June 30, 2019	December 31, 2018	June 30, 2018
Business tax paid	\$ 43,572	\$ 87,370	\$ 58,518
Tax overpaid retained	27,577	52,649	19,275
Prepaid expense	27,023	25,037	25,666
Prepayment for purchases	7,632	7,380	15,282
	<u>\$ 105,804</u>	<u>\$ 172,436</u>	<u>\$ 118,741</u>

(VIII) Investments accounted for using equity method

	June 30, 2019	December 31, 2018	June 30, 2018
Beijing Mingda Titanium Technology Baoji Zatech Material Co., Ltd.	\$ 1,296	\$ 466	\$ -
	3,138	3,867	-
	<u>\$ 4,434</u>	<u>\$ 4,333</u>	<u>\$ -</u>

1. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group did not have any significant associates.
2. The carrying amount and operating results of the Group's individually insignificant associates are summarized as follows:

As of June 30, 2019, December 31, 2018 and June 30, 2018, the carrying amounts of the Group's individually insignificant associates were NT\$ 4,434 thousand, NT\$ 4,333 thousand, and NT\$ 0.

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Net loss over this period	\$ 82	\$ -
Other comprehensive income (net after tax)	-	-
Total comprehensive income (loss)	<u>\$ 82</u>	<u>\$ -</u>

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Net loss over this period	\$ 55	\$ -
Other comprehensive income (net after tax)	-	-
Total comprehensive income (loss)	\$ 55	\$ -

(IX) Property, plant and equipment

	June 30, 2019	December 31, 2018	June 30, 2018
Land	\$ 162,544	\$ 162,544	\$ 162,544
Buildings and structures	975,233	611,234	628,866
Machinery	490,808	492,356	435,290
Utility equipment	145,489	90,872	101,349
Transportation equipment	1,114	1,302	1,821
Office equipment	23,893	20,785	17,980
Other equipment	112,691	110,400	116,147
Equipment to be inspected and construction in progress	77,680	305,236	99,074
	<u>\$ 1,989,452</u>	<u>\$ 1,794,729</u>	<u>\$ 1,563,071</u>

Cost	January 1, 2019 ~ June 30, 2019						
	Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	June 30
	Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
	Buildings and structures	1,212,280	108,281	(15,888)	291,607	7,485	1,603,765
	Machinery	1,508,314	44,005	(100,176)	26,597	8,128	1,486,868
	Utility equipment	254,087	37,873	(2,775)	24,705	1,937	315,827
	Transportation equipment	6,880	310	-	-	22	7,212
	Office equipment	58,492	6,967	(576)	18	425	65,326
	Other equipment	391,473	21,102	(36,362)	6,116	2,649	384,978
	Equipment to be inspected and construction in progress	305,236	64,082	- (291,659)	-	21	77,680
		<u>\$ 3,899,306</u>	<u>\$ 282,620</u>	<u>(\$ 155,777)</u>	<u>\$ 57,384</u>	<u>\$ 20,667</u>	<u>\$ 4,104,200</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expense and Impairment loss	Disposals	Reclassifications	Net exchange differences	June 30
Buildings and structures	\$ 601,046	\$ 37,436	(\$ 11,043)	(\$ 2,933)	\$ 4,026	\$ 628,532
Machinery	1,015,958	73,864	(99,815)	-	6,053	996,060
Utility equipment	163,215	8,727	(2,771)	(25)	1,192	170,338
Transportation equipment	5,578	499	-	-	21	6,098
Office equipment	37,707	3,955	(568)	-	339	41,433
Other equipment	281,073	25,005	(35,956)	(12)	2,177	272,287
	<u>\$ 2,104,577</u>	<u>\$ 149,486</u>	<u>(\$ 150,153)</u>	<u>(\$ 2,970)</u>	<u>\$ 13,808</u>	<u>\$ 2,114,748</u>
	<u>\$ 1,794,729</u>					<u>\$ 1,989,452</u>

January 1, 2018 ~ June 30, 2018

Cost	January 1, 2018 ~ June 30, 2018					
Name of assets	January 1	Additions	Disposals	Reclassifications	Net exchange differences	June 30
Land	\$ 162,544	\$ -	\$ -	\$ -	\$ -	\$ 162,544
Buildings and structures	1,236,013	9,912	(25,882)	1,933	8,052	1,230,028
Machinery	1,437,163	45,193	(64,749)	45,313	7,938	1,470,858
Utility equipment	279,468	1,170	(8,435)	-	1,485	273,688
Transportation equipment	6,824	98	-	-	13	6,935
Office equipment	55,404	1,605	(2,735)	133	451	54,858
Other equipment	411,896	22,043	(21,585)	4,239	2,237	418,830
Equipment to be inspected and construction in progress	5,079	94,618	-	(720)	97	99,074
	<u>\$ 3,594,391</u>	<u>\$ 174,639</u>	<u>(\$ 123,386)</u>	<u>\$ 50,898</u>	<u>\$ 20,273</u>	<u>\$ 3,716,815</u>

Accumulated depreciation and impairment

Name of assets	January 1	Depreciation expense and Impairment loss	Disposals	Reclassifications	Net exchange differences	June 30
Buildings and structures	\$ 588,615	\$ 34,860	(\$ 25,752)	\$ -	\$ 3,439	\$ 601,162
Machinery	1,018,127	76,293	(64,581)	-	5,729	1,035,568
Utility equipment	169,846	10,112	(8,430)	-	811	172,339
Transportation equipment	4,592	512	-	-	10	5,114
Office equipment	35,910	3,404	(2,735)	-	299	36,878
Other equipment	296,491	25,962	(21,540)	-	1,770	302,683
	<u>\$ 2,113,581</u>	<u>\$ 151,143</u>	<u>(\$ 123,038)</u>	<u>\$ -</u>	<u>\$ 12,058</u>	<u>\$ 2,153,744</u>
	<u>\$ 1,480,810</u>					<u>\$ 1,563,071</u>

- Capitalized amount and interest range of borrowing costs attributable to property, plant and equipment and prepayments for business facilities:

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Capitalization amounts	\$ 1,315	\$ 226
Range of capitalized interest rate	1.25%~3.01%	0.91%~2.30%

- Significant components of the Group's buildings and structures include buildings and air conditioning engineering works, which are respectively depreciated over the periods of 41~56 years and 3~21 years.
- For the information about property, plant and equipment pledged as collateral, please see Note 8 for details.

(X) Lease Transaction – Lessee

Applicable for the annual periods beginning on or after January 1, 2019

- The Group's leased underlying assets comprise lands and buildings, of which the lease term is usually between 1 year to 20 years. Lease contracts are individually negotiated and include various terms and conditions that impose no other restrictions except that the leased assets shall not be collateralized against any borrowings, nor shall they be subleased, co-leased, lent out for others use, nor the right of lease be transferred to others.
- Below is the carrying amounts of right-of-use assets and their recognized depreciation expenses:

	June 30, 2019	April 1, 2019 ~ June 30, 2019	January 1, 2019 ~ June 30, 2019
	Book value	Depreciation	Depreciation
Land	\$ 124,120	\$ 1,892	\$ 3,783
Buildings and structures	84,743	9,255	17,792
	<u>\$ 208,863</u>	<u>\$ 11,147</u>	<u>\$ 21,575</u>

- The addition to the Group's right-of-use assets were both NT\$ 66,242 thousand as of the periods from April 1 to June 30, 2019 and from January 1, 2019 to June 30, 2019.
- Profit or loss items in connection with lease contracts are stated as follows:

	April 1, 2019 ~ June 30, 2019	January 1, 2019 ~ June 30, 2019
<u>Items that affect profit or loss</u>		
Interest expense on lease liability	\$ 1,326	\$ 2,081
Expense on leases with low-value underlying assets	200	444

- The Group's outflow of lease payments in cash were NT\$ 13,450 thousand and NT\$ 24,380 thousand as of the periods from April 1 to June 30, 2019 and from January 1, 2019 to June 30, 2019.

6. The option to extend a lease and the option to terminate a lease
 - (1) Contracts of which the underlying assets are types of land, buildings and structures contain a lease extension option exercisable by the Group.
 - (2) The Group determines the lease term by taking into consideration all relevant facts and circumstances that create an economic incentive for the Group to exercise the extension option. The lease term is reassessed if there occurs significant events that affect the assessment as to whether the Group would exercise the option to extend the lease or would not exercise the option to terminate the lease.

(XI) Intangible assets

	<u>Computer software</u>
January 1, 2019	
Cost	\$ 31,021
Accumulated amortization and impairment	(12,505)
	<u>\$ 18,516</u>
<hr/>	
2019	
January 1	\$ 18,516
Addition - separately acquired	4,363
Derecognition - cost reduction	(263)
Amortization	(5,255)
Derecognition - reduction in accumulation amortization and impairment	263
Effect of exchange rate changes	41
June 30	<u>\$ 17,665</u>
June 30, 2019	
Cost	\$ 35,121
Accumulated amortization and impairment	(17,456)
	<u>\$ 17,665</u>

	<u>Technology transfer royalty</u>	<u>Computer software</u>	<u>Total</u>
January 1, 2018			
Cost	\$ 13,000	\$ 25,872	\$ 38,872
Accumulated amortization and impairment	(13,000)	(7,353)	(20,353)
	<u>\$ -</u>	<u>\$ 18,519</u>	<u>\$ 18,519</u>
<u>2018</u>			
January 1	\$ -	\$ 18,519	\$ 18,519
Addition - separately acquired	-	2,440	2,440
Derecognition - cost reduction	(13,000)	(2,671)	(15,671)
Reclassifications	-	100	100
Amortization	-	(4,225)	(4,225)
Derecognition - reduction in accumulation amortization and impairment	13,000	2,671	15,671
Net exchange differences	-	5	5
June 30	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 16,839</u>
June 30, 2018			
Cost	\$ -	\$ 25,746	\$ 25,746
Accumulated amortization and impairment	-	(8,907)	(8,907)
	<u>\$ -</u>	<u>\$ 16,839</u>	<u>\$ 16,839</u>

Amortization of intangible assets is detailed as below:

	<u>April 1, 2019 ~ June 30, 2019</u>	<u>April 1, 2018 ~ June 30, 2018</u>
Operating costs	\$ 396	\$ 467
Administrative expense	1,222	905
Research and development expenses	1,083	765
	<u>\$ 2,701</u>	<u>\$ 2,137</u>
	<u>January 1, 2019 ~ June 30, 2019</u>	<u>January 1, 2018 ~ June 30, 2018</u>
Operating costs	\$ 791	\$ 974
Administrative expense	2,463	1,722
Research and development expenses	2,001	1,529
	<u>\$ 5,255</u>	<u>\$ 4,225</u>

(XII) Long-term lease prepayments (presented under "other non-current assets - others")

Applicable for the years beginning on or after January 1, 2018

	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Land use rights	<u>\$ 33,092</u>	<u>\$ 34,014</u>

The table below lists information regarding the Group's execution of the land-use contract, of which the rent was fully paid upon execution of the contract. Rental expenses recognized for the period between April 1 and June 30, 2018 and the period between January 1 and June 30, 2018 were NT\$ 431 thousand and NT\$ 856 thousand, respectively.

<u>Contract counter-party</u>	<u>Leased location</u>	<u>Lease term</u>
Formosa Industries Corporation	Dong Nai Province, Vietnam	May 2005 to April 2051

People's Republic of China	Dongguan, Guangdong Province, China	September 2000 to November 2018
People's Republic of China	Dongguan, Guangdong Province, China	February 2000 to November 2018
People's Republic of China	Dongguan, Guangdong Province, China	October 2001 to November 2018
People's Republic of China	Dongguan, Guangdong Province, China	November 2001 to November 2018
People's Republic of China	Dongguan, Guangdong Province, China	May 2009 to October 2053

(XIII) Short-term borrowings

Type of loans	June 30, 2019	Interest rate range	Collateral
Loans against letter of credit	\$ 112,610	-	Note
Type of loans	December 31, 2018	Interest rate range	Collateral
Loans against letter of credit	\$ 167,109	-	Note
Type of loans	June 30, 2018	Interest rate range	Collateral
Loans against letter of credit	\$ 50,861	-	Note

Note: For the names and amounts of collateral against the aforementioned short-term borrowings, please refer to Note 8 - Pledged Assets.

(XIV) Short-term bills payable

Type of bills	June 30, 2018
Commercial paper	\$ 50,000
Less: Unamortized discount	(16)
	\$ 49,984
Interest rate range	1.15%

June 30, 2019 and December 31, 2018: None.

The said commercial papers were issued by International Bills Finance Corporation.

(XV) Other payables

	June 30, 2019	December 31, 2018	June 30, 2018
Payroll and bonus payable	\$ 320,661	\$ 456,719	\$ 271,352
Processing fee payable	148,401	244,897	200,155
Dividends payable	315,665	-	363,048
Payables of compensation to employees and remuneration to directors and supervisors	93,641	63,813	72,885
Equipment expenses payable	68,051	38,631	52,751
Others	221,003	249,044	265,343
	<u>\$ 1,167,422</u>	<u>\$ 1,053,104</u>	<u>\$ 1,225,534</u>

(XVI) Long-term borrowings

Type of loans	Loan period and repayment method	Interest rate range	Collateral	June 30, 2019
Long-term bank loans				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	1.395%	Machinery	\$ 89,690
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.395%	Buildings and structures	159,900
				<u>\$ 249,590</u>

Type of loans	Loan period and repayment method	Interest rate range	Collateral	December 31, 2018
Long-term bank loans				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	1.395%	Machinery	\$ 18,880
Secured loan	Duration from July 2018 to July 2025 and interest paid on a monthly basis. In addition, from October 2020 onwards, the remaining amounts are paid back in 20 installments on a quarterly basis.	1.395%	Buildings and structures	75,000
				<u>\$ 93,880</u>

Type of loans	Loan period and repayment method	Interest rate range	Collateral	June 30, 2018
Long-term bank loans				
Secured loan	Duration from June 2018 to June 2023 and interest paid on a monthly basis. In addition, from September 2020 onwards, the remaining amounts are paid back in 12 installments on a quarterly basis.	1.395%	Machinery	\$ 18,880

For collateral against the said long-term borrowings, please refer to Note 8 - Pledged Assets.

(XVII) Pensions

- (1) In compliance with the requirements set forth in the Labor Standards Law, the Company has stipulated a defined benefit pension plan, which is applicable to the years of service rendered by regular employees prior to, and after (if employees elect to continue to apply the Labor Standards Law), the implementation of the Labor Pension Act on July 1, 2005. Pension payments for employees qualified for the aforementioned retirement criteria are calculated in accordance with the years of service

rendered and the average salaries or wages of the last 6 months prior to retirement. Two bases are given for each full year of service over the first 15 years, and one base is given for an additional year of service thereafter, provided that the total bases do not exceed forty-five (45). The Company contributes on a monthly basis 2% of the total salary (wages) as pension fund, which is deposited in a designated account with the Bank of Taiwan under the name of the Supervisory Committee of Labor Retirement Reserve. Prior to the end of each annual period, the Company assesses the balance of the aforementioned designated account for labor pension fund. If the balance is determined insufficient to pay off the pension amount computed by the aforementioned approach for employees qualified for retirement within next year, the Company will make a lump sum contribution to make up the shortfall before the end of March of the following year.

- (2) As at the periods between April 1 and June 30, 2019 and 2018, and the periods between January 1 and June 30, 2018, the pension costs recognized by the Group in accordance with the afore-mentioned contribution plans were NT\$ 573 thousand and NT\$ 544 thousand, and NT\$ 1,165 thousand, and NT\$ 1,108 thousand, respectively.
 - (3) The Company expects to make contributions of NT\$ 2,342 thousand to the pension plans within one year.
2. (1) Starting from July 1, 2005, the Company and subsidiaries have set up a defined contribution plan for all employees with ROC citizenship in accordance with the Labor Pension Act. Where the employees have elected to apply the labor pension system as stipulated in the Labor Pension Act, the Company and subsidiaries make a contribution in an amount equal to 6% of the employees' monthly salaries or wages to their individual accounts in the Bureau of Labor Insurance.
- (2) Advanced Sporting Goods (Dongguan) Co., Ltd. and Advanced Sporting Goods (Shatian, Dongguan) Co., Ltd. make a pension contribution on a monthly basis in an amount equal to a certain percentage of the employees' monthly salaries and wages in accordance with the requirements as set forth in the pension system of the People's Republic of China. The contribution percentage was both 13% for the periods between April 1 and June 30, 2019 and 2018, and the periods between January 1 and June 30, 2018. The pension for each employee is managed by the government, hence the Group doesn't have further obligation except for making a monthly contribution.
 - (3) As required by the Vietnamese government, Advanced International Multitech (VN) Corporation Ltd. makes a monthly contribution in an

amount equal to one month of an employee's minimum wages to the retirement plan, which is managed by the various responsible departments of the Vietnamese government. Other than making a monthly contribution, the Company has no further obligations.

- (4) The pension costs recognized by the Group in accordance the aforementioned contribution plans were NT\$ 33,371 thousand and NT\$ 30,505 thousand, and NT\$ 70,998 thousand and NT\$ 56,181 thousand, respectively, as at the periods between April 1 and June 30, 2019 and 2018, and the periods between January 1 and June 30, 2019 and 2018.

(XVIII) Share capital

As of June 30, 2019, the Company had an authorized capital in the amount of NT\$ 1,800,000 thousand (including 5,000 thousand shares of employee stock option certificates and 10,000 thousand shares of convertible corporate bonds), and a paid-in capital in the amount of NT\$ 1,353,127 thousand with each share priced at NT\$ 10. Share payments for the Company's issued stocks have been collected in full. Quantities of the Company's outstanding common shares at the beginning of periods are the same as those at the end of the periods.

(XIX) Capital reserve

Under the Company Act, capital reserve arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital reserve may be used for issuing new shares or distributing cash in proportion to shareholders' original holdings. In accordance with regulations in the Securities and Exchange Act, when the above-mentioned capital reserve is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital reserve to offset loss only when the amount of earnings and reserves are insufficient to offset the loss.

(XX) Retained earnings

1. The Articles of Incorporation requires that earnings after the final account, if any, be used in the first place to pay off the profit-seeking enterprise income tax and to offset the previous deficits according to law; and 10% of the remainder, if any, be set aside as its legal reserve, except in cases when the legal reserve has reached the capital amount. If there is any remaining earnings, a special reserve shall be provided or reversed in accordance with laws or regulations imposed by the competent authority; the remaining amount, if any, shall be added up to the undistributed earnings of the prior periods to serve as the allocable earnings, of which the amount of distribution and retention shall be indicated in the earnings distribution proposal which is made by the Board of Directors before submitting to the Shareholders' Meeting for approval. The cash dividends distributed shall not exceed 10% of the total dividends distributed.

2. The Company's dividend policy is as follows: The Company adopts a residual dividend policy in order to operate sustainably and increase profits.
3. Legal reserves may only be used for offsetting deficits and issuing new shares or distributing cash in proportion to shareholders' original holdings. However, when new shares are issued or cash is distributed, the amount shall be limited to 25% of the reserves in excess of the paid-in capital.
4. The Company may allocate earnings only after providing special reserve for debt balance in other equity on the date of balance sheet, and the reversal of debit balance in other equity, if any, may be stated into allocable earnings.
5. The Company recognized dividends distributed to shareholders of the Company in the amounts equal to NT\$ 351,813 thousand (NT\$ 2.6 per share) for 2018. The Shareholders' Meeting resolved on May 31, 2019 to distribute NT\$ 2.2 to each common share using the undistributed earnings, and the dividends came to a total of NT\$ 297,688 thousand.

(XXI) Operating revenue

All the Group's revenue comes from contacts with customers under which revenue is generated by transferring goods at a point of time. Revenue can be sub-divided by geographical areas as follows:

	<u>April 1, 2019 ~ June 30, 2019</u>	<u>April 1, 2018 ~ June 30, 2018</u>
<u>Customer by geographical areas</u>		
Americas	\$ 1,867,978	\$ 1,795,074
Asia	766,904	568,444
Others	88,350	277,528
	<u>\$ 2,723,232</u>	<u>\$ 2,641,046</u>
	<u>January 1, 2019 ~ June 30, 2019</u>	<u>January 1, 2018 ~ June 30, 2018</u>
<u>Customer by geographical areas</u>		
Americas	\$ 4,293,914	\$ 3,816,088
Asia	1,663,400	1,057,386
Others	246,775	487,377
	<u>\$ 6,204,089</u>	<u>\$ 5,360,851</u>

(XXII) Other income and expenses - net

	<u>April 1, 2019 ~ June 30, 2019</u>	<u>April 1, 2018 ~ June 30, 2018</u>
Income from samples	\$ 8,347	\$ 5,338
Income from molds	10,271	15,793
Other income	8,065	9,684
	<u>\$ 26,683</u>	<u>\$ 30,815</u>

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Income from samples	\$ 14,467	\$ 12,444
Income from molds	19,483	21,248
Other income	14,822	23,309
	<u>\$ 48,772</u>	<u>\$ 57,001</u>

(XXIII) Other income

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Interest income	\$ 2,376	\$ 2,053
Others	79	672
	<u>\$ 2,455</u>	<u>\$ 2,725</u>

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Interest income	\$ 3,411	\$ 3,319
Others	4,682	1,422
	<u>\$ 8,093</u>	<u>\$ 4,741</u>

(XXIV) Other gains and losses

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Loss on disposal and retirement of property, plant and equipment	(\$ 3,288)	(\$ 210)
Foreign exchange loss - net	57,669	140,525
Net losses from financial assets and liabilities measured at fair value through profit or loss	(1,643)	(10,465)
Others	1,911	1,438
	<u>\$ 54,649</u>	<u>\$ 131,288</u>

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Loss on disposal and retirement of property, plant and equipment	(\$ 4,842)	(\$ 186)
Foreign exchange gains - net	37,769	57,836
Net losses from financial assets and liabilities measured at fair value through profit or loss	(1,408)	(4,268)
Others	(74)	3,001
	<u>\$ 31,445</u>	<u>\$ 56,383</u>

(XXV) Additional information regarding the nature of expense

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Employee benefits expense	\$ 638,894	\$ 602,408
Depreciation	85,276	76,451
Amortization	4,258	5,008
	<u>\$ 728,428</u>	<u>\$ 683,867</u>

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Employee benefits expense	\$ 1,327,127	\$ 1,234,624
Depreciation	171,061	151,166
Amortization	8,540	10,153
	<u>\$ 1,506,728</u>	<u>\$ 1,395,943</u>

(XXVI) Employee benefits expense

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Salary and wages	\$ 538,335	\$ 511,517
Labor and health insurance premiums	39,146	36,684
Pension expense	33,944	31,049
Remuneration to Directors	2,280	2,320
Other personnel cost	25,189	20,838
	<u>\$ 638,894</u>	<u>\$ 602,408</u>

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Salary and wages	\$ 1,120,902	\$ 1,060,324
Labor and health insurance premiums	81,797	70,902
Pension expense	72,163	57,289
Remuneration to Directors	4,650	4,680
Other personnel cost	47,615	41,429
	<u>\$ 1,327,127</u>	<u>\$ 1,234,624</u>

1. The Articles of Incorporation requires that the Company allocate no less than one percent (1%) of its annual earnings as employee compensation, and no greater than five percent (5%) of its annual earnings as remuneration for directors and supervisors; provided, however, that a portion of earnings shall be reserved if the Company still has an accumulated deficit.
2. As at the periods between April 1 and June 30, 2019 and 2018, and the periods between January 1 and June 30, 2019 and 2018, the Company recognized compensation to employees in the amounts equal to NT\$ 9,577 thousand, NT\$ 9,107 thousand, NT\$ 19,110 thousand, and NT\$ 18,139 thousand, respectively, and remuneration to directors and supervisors in the amounts equal to NT\$ 2,500 thousand, NT\$ 2,500 thousand, NT\$ 5,000 thousand, and NT\$ 5,000 thousand, respectively, all presented under payroll expense.
The amounts for the six-month period ended June 30, 2019 were estimated at certain percentages of the profits earned by the end of the period.

The amounts of compensation to employees and remuneration to directors and supervisors for 2018 that had been resolved by the Board of Directors are the same as the amounts stated on the 2018 financial statements. The above-mentioned employee compensation were distributed in cash. In addition, compensation to employees and remuneration to directors and supervisors for the previous year has not been distributed.

Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available on the Market Observation Post System.

(XXVII)Income tax

1. Income tax expense

(1) Components of income tax expense:

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Current income tax:		
Income tax arising from the current period	\$ 56,740	\$ 24,611
Additional tax on undistributed earnings	11,523	-
Overestimation of income taxes in prior years	(4,485)	(1,100)
Total current income tax	<u>63,778</u>	<u>23,511</u>
Deferred income tax		
Originating and reversed temporary differences	16,858	19,908
Effect of tax rate changes	-	-
Total deferred income tax	<u>16,858</u>	<u>19,908</u>
Income tax expense	<u>\$ 80,636</u>	<u>\$ 43,419</u>
	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Current income tax:		
Income tax arising from the current period	\$ 121,759	\$ 41,171
Additional tax on undistributed earnings	11,523	-
Overestimation of income taxes in prior years	(4,485)	(1,100)
Total current income tax	<u>128,797</u>	<u>40,071</u>
Deferred income tax		
Originating and reversed temporary differences	35,228	24,229
Effect of tax rate changes	-	8,881
Total deferred income tax	<u>35,228</u>	<u>33,110</u>
Income tax expense	<u>\$ 164,025</u>	<u>\$ 73,181</u>

(2) Income tax amounts associated with other comprehensive income:

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Effect of tax rate changes	\$ -	\$ -
	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Effect of tax rate changes	\$ -	\$ 493

- The profit-seeking enterprise income tax of the Company is approved by the taxation authority through 2016.
- The amendments to the Income Tax Act have become effective on February 7, 2018, which amendments raise the profit-seeking enterprise income tax rate from 17% to 20% and are applicable from 2018. The Group has assessed the impact on income tax from such tax rate changes.

(XXVIII) Earnings per share

	April 1, 2019 ~ June 30, 2019		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (dollar)
<u>Basic earnings per share</u>			
Net income attributable to shareholders of common shares	\$ 146,137	135,313	\$ 1.08
<u>Diluted earnings per share</u>			
Net income attributable to shareholders of common shares	146,137		
Effect of dilutive potential common shares		135,313	
Employee compensation	-	222	
Sum of net income attributable to shareholders of common shares and the effects of potential common shares	\$ 146,137	135,535	\$ 1.08

April 1, 2018 ~ June 30, 2018

	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (dollar)
<u>Basic earnings per share</u>			
Net income attributable to shareholders of common shares	\$ 189,029	135,313	\$ 1.40
<u>Diluted earnings per share</u>			
Net income attributable to shareholders of common shares	189,029	135,313	
Effect of dilutive potential common shares			
Employee compensation	-	258	
Sum of net income attributable to shareholders of common shares and the effects of potential common shares	\$ 189,029	135,571	\$ 1.39

January 1, 2019 ~ June 30, 2019

	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (dollar)
<u>Basic earnings per share</u>			
Net income attributable to shareholders of common shares	\$ 351,844	135,313	\$ 2.60
<u>Diluted earnings per share</u>			
Net income attributable to shareholders of common shares	351,844	135,313	
Effect of dilutive potential common shares			
Employee compensation	-	792	
Sum of net income attributable to shareholders of common shares and the effects of potential common shares	\$ 351,844	136,105	\$ 2.59

	January 1, 2018 ~ June 30, 2018		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (dollar)
<u>Basic earnings per share</u>			
Net income attributable to shareholders of common shares	\$ 244,369	135,313	\$ 1.81
<u>Diluted earnings per share</u>			
Net income attributable to shareholders of common shares	244,369	135,313	
Effect of dilutive potential common shares			
Employee compensation	-	874	
Sum of net income attributable to shareholders of common shares and the effects of potential common shares	\$ 244,369	136,187	\$ 1.79

(XXIX) Operating leases

Applicable for the years beginning on or after January 1, 2018

The Group leases from others land and plants under operating leases, of which the lease terms are located in between 2010 and 2020, and 2017 and 2020 respectively. Most of the lease arrangements can be renewed in writing upon the termination of the leasing periods. Future minimum lease payments arising from non-cancellable leases are stated as follows:

	December 31, 2018	June 30, 2018
Less than 1 year	\$ 11,069	\$ 10,596
More than 1 year but no more than 5 years	5,490	9,954
	<u>\$ 16,559</u>	<u>\$ 20,550</u>

(XXX) Additional information regarding cash flows

1. Investing activities with partial cash payments:

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Acquisition of property, plant and equipment	\$ 282,620	\$ 174,639
Add: Equipment payable, beginning of period (recognized as other payables)	38,631	37,619
Less: Equipment payable, end of period (recognized in other payables)	(68,051)	(52,751)
Amount paid in cash	<u>\$ 253,200</u>	<u>\$ 159,507</u>

2. Investing and financing activities that do not affect cash flows:

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Equipment prepayments transferred to property, plant and equipment	\$ 70,112	\$ 51,168
Equipment prepayments transferred to intangible assets	\$ -	\$ 100
Reclassification of property, plant and equipment to other non-current assets	\$ 9,412	\$ -
Reclassification of property, plant and equipment to expense	\$ 346	\$ 270
Cash dividends announced but yet to be distributed	\$ 297,688	\$ 351,813

(XXXI) Changes in financing liabilities

	Short-term loans	Long-term loans	Lease liabilities	Total financing liability
January 1, 2019	\$ 167,109	\$ 93,880	\$ 131,104	\$ 392,093
Changes in financing cash flows	(54,499)	155,710	(21,855)	79,356
Effect of exchange rate changes	-	-	755	755
Other non-cash changes	-	-	66,578	66,578
June 30, 2019	<u>\$ 112,610</u>	<u>\$ 249,590</u>	<u>\$ 176,582</u>	<u>\$ 538,782</u>

	Short-term loans	Long-term loans	Lease liabilities	Total financing liability
January 1, 2018	\$ 90,454	\$ -	\$ -	\$ 90,454
Changes in financing cash flows	(39,593)	50,000	18,880	29,287
Other non-cash changes	-	(16)	-	(16)
June 30, 2018	<u>\$ 50,861</u>	<u>\$ 49,984</u>	<u>\$ 18,880</u>	<u>\$ 119,725</u>

VII. Related-party Transactions

Information about remunerations to the major management:

	April 1, 2019 ~ June 30, 2019	April 1, 2018 ~ June 30, 2018
Salary and other employee benefits	<u>\$ 7,732</u>	<u>\$ 12,978</u>

	January 1, 2019 ~ June 30, 2019	January 1, 2018 ~ June 30, 2018
Salary and other employee benefits	<u>\$ 26,154</u>	<u>\$ 21,912</u>

VIII. Pledged Assets

Assets pledged as collateral by the Group are enumerated as follows:

Assets	Carrying amount			Guarantee use
	June 30, 2019	December 31, 2018	June 30, 2018	
Land	\$ 125,648	\$ 125,648	\$ 125,648	Short-term and long-term loans
Buildings and structures - net	274,129	280,014	288,795	Short-term and long-term loans and credit facility guarantee
Machinery and equipment - net	99,548	89,285	21,873	Credit facility guarantee for long-term loans
Other equipment - net	5,135	1,823	1,475	Credit facility guarantee for long-term loans
Pledged time deposits (presented as "other non-current assets - others")	5,245	5,243	260	Customs deposits and performance guarantee
	<u>\$ 509,705</u>	<u>\$ 502,013</u>	<u>\$ 438,051</u>	

IX. Important Contingent Liabilities and Unrecognized Contractual Commitments

(I) Contingency

None.

(II) Commitments

1. Balance of outstanding letters of credit

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials imported	\$ 124,194	\$ 88,845	\$ 82,304

2. Capital expenditure committed but not incurred:

	June 30, 2019	December 31, 2018	June 30, 2018
Property, plant and equipment	\$ 184,074	\$ 190,646	\$ 92,590

3. Operating lease contracts:

Please refer to Note 6(10)(29) for elaboration.

X. Significant Losses from Disasters

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital management

There were no significant changes in the current period. Please refer to Note 12 to the consolidated financial statements for 2018.

(II) Financial Instruments

1. Types of Financial instruments

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Financial assets</u>			
Financial assets measured at fair value through profit and loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 49	\$ 314	\$ -
Financial assets measured at fair value through other comprehensive income			
Election of the designated equity instrument investment	55	55	55
Financial assets measured at amortized cost			
Cash and cash equivalents	1,181,705	533,118	1,259,523
Financial assets measured at amortized cost	84,576	-	-
Notes receivable	10,083	11,181	10,950
Accounts receivable	2,189,351	2,738,892	2,053,920
Other receivables	33,279	30,465	14,633
Refundable deposits	16,050	11,965	7,403
	<u>\$ 3,515,148</u>	<u>\$ 3,325,990</u>	<u>\$ 3,346,484</u>
	June 30, 2019	December 31, 2018	June 30, 2018
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit and loss			
Financial liabilities held for trading	\$ 94	\$ -	\$ 1,936
Financial liabilities measured at amortized costs			
Short-term loans	112,610	167,109	50,861
Short-term bills payable	-	-	49,984
Notes payable	766	3,319	566
Accounts payable	923,784	1,644,166	945,258
Other payables	1,167,422	1,053,104	1,225,534
Lease liabilities (including non-current)	176,582	-	-
Long-term loans	249,590	93,880	18,880
Deposits received	610	604	575
	<u>\$ 2,631,458</u>	<u>\$ 2,962,182</u>	<u>\$ 2,293,594</u>

2. Risk management policy

There were no significant changes in the current period. Please refer to Note 12 to the consolidated financial statements for 2018.

The nature and degree of significant financial risks

Except for matters stated below, there were no significant changes in the current period. Please refer to Note 12 to the consolidated financial statements for 2018.

(1) Market risk

Foreign exchange rate risk:

A. The Group's business involves use of various non-functional currencies (the Company and some subsidiaries' functional currency is NTD, whereas some subsidiaries' functional currency is RMB), as a consequence, it is subject to effects arising from changes in exchange rates. Assets and liabilities that are denominated in foreign currency and significantly affected by changes in exchange rates are stated as below:

	June 30, 2019		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency:Function al currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 99,691	31.01	\$ 3,091,449
USD:RMB	40,150	6.8747	1,245,052
<u>Non-monetary items</u>			
RMB:NTD	301,268	4.521	1,362,033
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	51,881	31.11	1,614,018
USD:RMB	7,096	6.8747	220,757

				December 31, 2018			
				Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)	
(Foreign currency:Function al currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD:NTD	\$	103,293	30.67	\$	3,167,996	
	USD:RMB		35,476	6.8658		1,088,049	
<u>Non-monetary items</u>							
	RMB:NTD		272,933	4.472		1,220,556	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
	USD:NTD		49,511	30.77		1,523,453	
	USD:RMB		12,594	6.8658		387,517	

				June 30, 2018			
				Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)	
(Foreign currency:Function al currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
	USD:NTD	\$	92,662	30.41	\$	2,817,851	
	USD:RMB		36,480	6.6246		1,109,357	
<u>Non-monetary items</u>							
	RMB:NTD		246,783	4.593		1,133,474	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
	USD:NTD		45,032	30.51		1,373,926	
	USD:RMB		8,953	6.6246		273,156	

- B. Due to the significant influence from exchange rate volatility, total exchange losses of the Group's monetary items amounted to NT\$ 57,669 thousand, NT\$ 140,525 thousand, NT\$ 37,769 thousand, and NT\$ 57,836 thousand, respectively, for the periods between April 1 and June 30, 2019 and 2018, and the periods between January 1 and June 30, 2019 and 2018.

- C. The table below illustrates assets and liabilities denominated in foreign currencies of which the values were materially affected by the exchange rate volatility:

		January 1, 2019 ~ June 30, 2019		
		Sensitivity analysis		
		Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency:Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 30,914	\$ -
	USD:RMB	1%	12,451	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	16,140	-
	USD:RMB	1%	2,208	-
		January 1, 2018 ~ June 30, 2018		
		Sensitivity analysis		
		Range of change	Effects on profit or loss	Effects on other comprehensive income
(Foreign currency:Functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 28,179	\$ -
	USD:RMB	1%	11,094	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	13,739	-
	USD:RMB	1%	2,732	-

Price risk

The Group does not expose to price risks from products.

Cash flow interest rate risk and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from its issuance of long-term loans with floating interest rates that have resulted in the Group exposing to cash flow interest rate risks. The Group's policy aims to maintain at least 1.395% of the loans as fixed interests and, if necessary, achieves the target by means of interest rates swaps. For the six-month periods ended June 30, 2019 and 2018, the Group's issuance of long-term loans with floating interest rates was mainly denominated in New Taiwan Dollars.
- B. If the borrowing interest rate of NTD increases or decreases by

0.25%, held other variables constant, the net income after tax for the six-month periods ended June 30, 2019 and 2018 will decrease or increase by NT\$ 250 thousand and NT\$ 19 thousand, primarily due to changes in interest expense incurred by borrowings with floating interest rates.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by customers or counterparties of financial instruments on the contract obligations. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience and other factors.

Cash and Cash Equivalents, Financial Assets Measured at Amortized Cost, and Financial Derivatives

Since the transaction policy adopted requires the Group to trade only with counter-parties having a good credit rating, there hasn't been any default on cash and cash equivalents, financial assets measured at amortized cost, or financial derivatives.

Accounts receivable

- A. The Group has established a specific internal credit policy, which requires entities within the Group to manage and conduct a credit analysis on every new customer before stipulating the terms and conditions for payments and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience and other factors.
- B. The Group adopts the presumption that the credit risk of a financial asset is deemed significantly increased since initial recognition when contractual payments are more than 30 days past due, and that a default is deemed to have occurred when the contractual payments are more than 180 days past due.
- C. The Group's accounts receivables are due from ordinary enterprises. The Group assesses the credit quality of an individual customer by type by taking into account such customer's financial position, historical transaction records, and current economic status, and estimates the expected credit losses on the basis of the provision matrix using the simplified approach.
- D. After the recourse procedures, the Group writes off financial assets to the extent of the amount that cannot be reasonably expected to be recovered. However, the Group will continue the legal procedures to recourse in order to secure its creditor's rights.
- E. The Group has established an expected loss rate for different

segments of the accounts receivables due from customers as at June 30, 2019, December 31, 2018 and June 30, 2018: 0.00% to 0.02% for accounts receivables not past due, 0.01% to 0.21%, 0.00% to 0.17%, and 0.00% to 0.17% for accounts receivables within 30 days past due, 0.01% to 3.73%, 0.00% to 3.48%, and 0.00% to 3.48% for accounts receivables 31 days to 60 days past due, 0.04% to 8.10%, 0.02% to 9.39%, and 0.02% to 9.39% for accounts receivables 61 days to 90 days past due, 0.19% to 17.40%, 0.13% to 13.67%, and 0.13% to 13.67% for accounts receivables 91 days to 120 days past due, 1.86% to 58.22%, 1.49% to 35.84%, and 1.49% to 35.84% for accounts receivables 121 days to 150 days past due, 22.31% to 96.74%, 17.29% to 84.81%, and 17.29% to 84.81% for accounts receivables 151 days to 180 days past due, and 100% for accounts receivables more than 180 days past due. The amount of the accounts receivables that is more than 31 days past due constitutes 0.33%, 0.57% and 1.31% of the Group's total accounts receivables.

- F. Changes in loss allowance for notes receivables and accounts receivables using the simplified approach are stated as follows:

	2019	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
January 1	\$ 1,664	\$ -
Provision of impairment loss	2,956	-
June 30	<u>\$ 4,620</u>	<u>\$ -</u>

	2018	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
January 1	\$ 8,620	\$ -
Reversal of impairment loss (2,854)	-
June 30	<u>\$ 5,766</u>	<u>\$ -</u>

(3) Liquidity risk

- A. Cash flows forecasting is carried out by the Group's Office of Finance and Accounting in order to ensure that sufficient funds are readily available, both for the operating needs and for the unused loan commitments.
- B. The Group's remaining cash in excess of its operating needs is invested in demand deposits bearing interests, time deposits, bonds sold under repurchase agreement, and marketable securities, all of which are instruments either with appropriate maturity or with sufficient liquidity so as to satisfy the said forecasting and provide sufficient position for dispatching of funds. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group had a money market position in the amounts equal to NT\$ 1,264,990 thousand, NT\$ 532,271 thousand, and NT\$ 1,258,574 thousand, respectively.

C. The table below shows an analysis of the non-derivative financial liabilities held by the Group with defined repayment terms based on maturity dates and undiscounted payment at maturity:

	June 30, 2019		
	Less than 1 year	1 - 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 112,610	\$ -	\$ -
Notes payable	766	-	-
Accounts payable	923,784	-	-
Other payables	1,167,422	-	-
Lease liabilities (including non-current)	48,372	42,087	108,400
Long-term loans	3,482	57,068	200,597
<u>Derivative financial liabilities:</u>			
Forward exchange contracts	\$ 94	\$ -	\$ -

	December 31, 2018		
	Less than 1 year	1 - 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 167,109	\$ -	\$ -
Notes payable	3,319	-	-
Accounts payable	1,644,166	-	-
Other payables	1,053,104	-	-
Long-term loans	1,310	8,192	89,604
<u>Derivative financial liabilities:</u>			
None.			

	June 30, 2018		
	Less than 1 year	1 - 2 years	Over 2 years
<u>Non-derivative financial liabilities:</u>			
Short-term loans	\$ 50,861	\$ -	\$ -
Short-term notes payable	50,000	-	-
Notes payable	566	-	-
Accounts payable	945,258	-	-
Other payables	1,225,534	-	-
Long-term loans	263	263	19,308
<u>Derivative financial liabilities:</u>			
Forward exchange contracts	\$ 1,936	\$ -	\$ -

D. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

(III) Fair Value Information:

1. Below states the definition of different levels of valuation techniques used to measure the fair value of financial and non-financial instruments:

Level 1: Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivatives is all Level 2 inputs.

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

2. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivables, accounts receivable, other receivables, refundable deposits, short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, lease liabilities and long-term borrowings) are reasonable approximation of fair value.

3. Below states the information regarding the Group's financial instruments that have been classified in accordance with the nature, characteristics, risks and fair value hierarchy of such an asset or liability:

(1) Classified by nature of assets or liabilities:

June 30, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit and loss				
Forward exchange contracts	\$ -	\$ 49	\$ -	\$ 49
Financial assets measured at fair value through other comprehensive income				
Equity securities	-	-	55	55
Total	<u>\$ -</u>	<u>\$ 49</u>	<u>\$ 55</u>	<u>\$ 104</u>

December 31, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit and loss				
Forward exchange contracts	\$ -	\$ 314	\$ -	\$ 314
Financial assets measured at fair value through other comprehensive income				
Equity securities	-	-	55	55
	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ 55</u>	<u>\$ 369</u>
June 30, 2018	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 55	\$ 55

(2) Methods and assumptions adopted by the Group for measurement of fair value are stated as follows:

Valuation of derivative financial instruments adopts valuation models that are commonly used by market participants, e.g. discounted cash flows method and option pricing model. Forward foreign exchange contracts are usually valued based on the current forward exchange rates.

4. There was no transfer between Level 1 and Level 2 of the fair value hierarchy as at the six-month periods ended June 30, 2019 and 2018.
5. There were no changes in Level 3 of the fair value hierarchy as at the six-month periods ended June 30, 2019 and 2018.
6. Valuation process regarding fair value Level 3 is conducted by the Group's finance department, by which the independence of fair value of financial instruments is verified through use of independent data source in order that such valuation results are close to market conditions, and that the data source is independent, reliable, consistent with other resources, and representative of the exercisable price. In addition, multiple actions are regularly taken to ensure the reasonableness of the fair value valuation, e.g. calibrating the valuation model, conducting retrospective testing, updating the inputs and data for the valuation model, and making any necessary fair value adjustments.

7. Below states the quantitative information about the significant unobservable inputs of the valuation model used in the measurements categorized within Level 3 of the fair value hierarchy, as well as the sensitivity analysis of changes in significant unobservable inputs:

	Fair value	Valuation technique(s)	Significant unobservable inputs	Interval (weighted-average)	Relations between input value and fair value
Non-derivative equity instruments:					
Shares of venture capital company	\$ -	Net asset method	Not applicable		Not applicable

8. The Group elects to adopt the valuation model and valuation parameters through cautious assessment. Nonetheless, using different valuation models or valuation parameters may lead to different valuation results. For financial assets categorized within Level 3 of the fair value hierarchy, changes in valuation parameters will not have a significant influence on either profit or loss or other comprehensive income.

XIII. Additional Disclosure

(I) Information about significant transactions:

1. Loans to Others: None.
2. Endorsements and Guarantees: None.
3. Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures): Please refer to Appendix Table 1.
4. Aggregate Trading Value on the Same Securities (Including Purchase and Sales) Reaching NT\$ 300 Million or 20 Percent of the Paid-in Capital or More: None.
5. Acquisition of Property Amounting to at Least NT\$ 300 Million or Exceeding 20% of Paid-in Capital: None.
6. Disposal of Property Amounting to at Least NT\$ 300 Million or Exceeding 20% of Paid-in Capital: None.
7. Purchases from and Sales to Related Parties Amounting to at Least NT\$ 100 Million or Exceeding 20% of Paid-in Capital: Please refer to Appendix Table 2.
8. Receivables from Related Parties Amounting to at Least NT\$ 100 Million or Exceeding 20% of Paid-in Capital: Appendix Table 3.
9. For engagement in derivatives transactions, refer to Note 6(2) and 12(3).
10. Parent-Subsidiary and Subsidiary-Subsidiary Business Relations and Significant Transactions and Amounts Thereof: Please refer to Appendix Table 4.

(II) Reinvestment Information

Name, Location and Information on Investee Companies (not Including Investee Companies in China): Please refer to Appendix Table 5.

(III) Investments in Mainland China

1. Basic Investee Information: Please refer to Appendix Table 6.
2. Significant Transactions Between the Company and Investees in Mainland

China Directly or Indirectly Through Entities in a Third Area: Please refer to Appendix Table 7.

XIV. Segment Information

(I) General Information

The Group is primarily engaged in manufacturing of consumer products for the prestigious brands around the world. The chief operating decision makers conduct performance evaluation and resources allocation based on the operating profit (loss) of the Division of Consumer Products. According to the requirements as set forth in IFRS 8, the Group is a single reportable segment.

(II) Segment Information

The Group evaluates the performance of an operating segment by examining the profit before tax of a continuing operation. Such measurement standard precludes the effects from non-recurring expenses of an operating segment. Management of interest income and expenses is not authorized to operating segments but assigned to the Group's finance department that is responsible for management of the status of cash.

(III) Reconciliation of segment profit or loss

The measurement method used for revenue reported to the chief operating decision makers is the same as that used for revenue as stated on the statement of comprehensive income. The measurement method used for total amount of assets and liabilities reported to the chief operating decision makers is the same as that used for the total amount of assets and liabilities stated on the financial statements.

Advanced International Multitech Co., Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
January 1, 2019 ~ June 30, 2019

Expressed in thousands of NTD
(Unless Otherwise Specified)

Table 1

Investor	Type and name of securities	Relationship with the issuer	General ledger account	Number of shares	Ending balance		Fair value	Note
					Book value	Percentage of ownership		
Advanced International Multitech Co., Ltd.	HWA NAN VENTURE CAPITAL CO., LTD.	-	Financial assets measured at fair value through other comprehensive income - non-current	57,438	\$ 55	10.6	\$ 722	-

Advanced International Multitech Co., Ltd. and Subsidiaries
Purchase or sales transactions with related parties amounting to \$100,000 or 20 percent of the contributed capital
January 1, 2019 ~ June 30, 2019

Table 2

Purchases / sales	Name of the counter-party	Relationship	Purchases / (sales)	Description of transaction					Expressed in thousands of NTD (Unless Otherwise Specified)		
				Amount	Percentage of net purchases/(sales) Credit Period	Credit Period	Unit Price	Credit Period	Notes or accounts receivable / (payable)	Amount	or accounts receivable/(payable)
Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd	grandson company	Purchases	\$ 3,495,196	70%	note 1	note 1	note 1	(\$1,244,730)	(80%)	note 2
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	subsidiary	Purchases	977,525	19%	note 1	note 1	note 1	(220,384)	(40%)	note 2
Advanced Sporting Goods (Dongguan) Co., Ltd	Advanced International Multitech Co., Ltd.	ultimate parent company	sales	(3,495,196)	(100%)	note 3	note 3	note 3	1,244,730	100%	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	parent company	sales	(977,525)	(100%)	note 3	note 3	note 3	220,384	100%	

note 1 : The price and payment terms of the company's purchases to Advanced Sporting Goods (Dongguan) Co., Ltd and Advanced International Multitech (VN) Corporation Ltd. are handled according to the agreement between the two parties. Since there is no similar product transaction, there is no comparison with the general transaction.

note 2 : The company purchases the raw materials on behalf of Advanced Sporting Goods (Dongguan) Co., Ltd and Advanced International Multitech (VN) Corporation Ltd., and after processing, it sells the finished products to the company. This is the balance of other receivables and payables.

note 3 : The price and collection conditions of the company's sales to Advanced International Multitech Co., Ltd. are handled according to the agreement between the two parties. Since there is no similar transaction object or similar product, it is incomparable with the general transaction.

Advanced International Multitech Co., Ltd. and Subsidiaries
 Receivable from related parties exceeding \$100,000 or 20% of paid-in capital or more
 January 1, 2019 ~ June 30, 2019

Table 3

Expressed in thousands of NTD
 (Unless Otherwise Specified)

The name of the Company	Name of the counter-party	Relationship	Amount	Turnover rat	Overdue receivables		Subsequent collections	Allowance for doubtful accounts	Note
					Amount	Action adopted for overdue accounts			
Advanced Sporting Goods (Dongguan) Co., Ltd	Advanced International Multitech Co., Ltd.	ultimate parent company	\$ 1,244,730	-	\$ -	-	\$ 134,425	\$ -	
Advanced International Multitech (VN) Corporation Ltd.	Advanced International Multitech Co., Ltd.	parent company	220,384	-	-	-	95,129	-	

Advanced International Multitech Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting periods
January 1, 2019 ~ June 30, 2019

Table 4

Expressed in thousands of NTD
(Unless Otherwise Specified)

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	General ledger account	Amount	Transaction terms	The percentage of total consolidated revenue or total assets (Note 4)
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd	1	Purchases	\$ 3,495,196	According to the agreement of both parties	56%
0	Advanced International Multitech Co., Ltd.	Advanced Sporting Goods (Dongguan) Co., Ltd	1	Accounts payable	1,244,730	According to the agreement of both parties	17%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Purchases	977,525	According to the agreement of both parties	16%
0	Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd.	1	Accounts payable	220,384	According to the agreement of both parties	3%

(Note 1) The transaction information of the Company and the consolidated subsidiaries should be noted in column "Number".

The number means: 1. Number 0 presents the Company. 2. The consolidated subsidiaries are in order from number 1.

(Note 2) The relationships among the transaction parties are as follows:

1. The Company to the consolidated subsidiary. 2. The consolidated subsidiary to the Company. 3. The consolidated subsidiary to another consolidated subsidiary.

Advanced International Multitech Co., Ltd. and Subsidiaries
Information on investees
January 1, 2019 ~ June 30, 2019

Table 5

Expressed in thousands of NTD
(Unless Otherwise Specified)

Investors	Name of investees	Location	Main Business	Original investments		Holding status			Net income (loss) of the investee	Income (loss) recognized by the Company	Note
				Ending balance of the current period	Ending balance of prior period	Shares	Percentage of ownership	Book value			
Advanced International Multitech Co., Ltd.	Advanced International Multitech (BVI) Co., Ltd.	British Virgin Islands	Overseas investment	\$ 34,471	\$ 34,471	1,050,000	100	\$ 137,130	-\$ 9,086	-\$ 9,086	
Advanced International Multitech Co., Ltd.	Advanced Group International (BVI) Co., Ltd.	British Virgin Islands	Overseas investment	149,434	149,434	4,584,815	100	1,382,371	221,165	228,388	(Note 1)
Advanced International Multitech Co., Ltd.	Advanced International Multitech (VN) Corporation Ltd	Vietnam	Engaged in the production and sales of various golf club shafts and heads, and golf sets.	447,331	447,331	14,000,000	100	553,997	21,399	21,395	(Note 1)
Advanced International Multitech Co., Ltd.	Launch Technologies Co., Ltd. (LTC)	Taiwan	Engaged in production of sports products, other plastic products and international trade	266,495	266,495	28,518,424	55.93	479,337	68,218	38,154	

Note 1 : The difference between the current profit(loss)of the invested company and the investment gains(losses) recognized by the Company is the unrealized gains(losses) arising from intra-company transactions.

Advanced International Multitech Co., Ltd. and Subsidiaries
Information on investments in Mainland China
January 1, 2019 ~ June 30, 2019

Table 6

Expressed in thousands of NTD
(Unless Otherwise Specified)

Name of investee in Mainland China	Main Business	Capital	Investment Method (Note 1)	Beginning investment balance from Taiwan	Investment Amount		Ending investment balance from Taiwan	Net income (loss) of the investee	Percentage of ownership held by the Company (direct or indirect)	Investment gain (loss)	Investments balance as of Jun 30, 2019	Accumulated remittance
					Payment	Remittance						
Advanced Group International (BVI) Co., Ltd. : Advanced Sporting Goods (Dongguan) Co., Ltd	Engaged in production, import and export of carbon fiber prepreg materials and sports products	\$ 149,446	2	\$ 149,434	\$ -	\$ -	\$ 149,434	\$ 221,384	100	\$ 221,384	\$ 1,299,733 #	\$ 18,210
Advanced International Multitech (BVI) Co., Ltd. : Advanced Sporting Goods (Shatian, Dongguan) Co., Ltd.	Engaged in production, import and export of carbon fiber prepreg materials and sports products	30,340	2	-	-	-	-	(8,525)	100	(8,525)	62,299 #	-
Advanced Sporting Goods (Dongguan) Co., Ltd : Beijing Mingda Titanium Technology	Engaged in material research and development	1,330	3	-	-	-	-	1,666	50	833	1,296 #	-
Advanced Sporting Goods (Dongguan) Co., Ltd : Baoji Zatech Material Co., Ltd.	Engaged in material production	17,744	3	-	-	-	-	(3,112)	25	(778)	3,138 #	-

The investment methods are divided into the following four types:

1. Remittance to PRC companies through third area.
2. Invest in the third area to set up a company to reinvest in PRC companies.
3. Reinvest in PRC companies by investing in existing companies in the third region.
4. Other ways.

Name of endorsees	Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	Ceiling amount of investment in Mainland China by MOEA
Advanced International Multitech Co., Ltd.	\$ 149,434	\$ 173,222	\$ 2,578,377

Advanced International Multitech Co., Ltd. and Subsidiaries
Information on investments in Mainland China-Major transactions that occur directly or indirectly through a third-region business and an investment company that invests in the PRC
January 1, 2019 ~ June 30, 2019

Table 7

Name of investee in Mainland China	Sales(Purchase)		Property transaction		Accounts receivable (Accounts payable)		Endorsement of the bill guarantee or provide collateral		intermediation					
	Amount	%	Amount	%	Amount	%	Ending balance	purpose	Maximum balance	Ending balance	Interest rate range	Current interest	Other	
Advanced Sporting Goods (Dongguan) Co., Ltd	(\$3,495,196)	(70%)	\$ -	-	(\$1,244,730)	(80%)	\$ -	-	\$ -	\$ -	-	\$ -	-	Note 1

Note 1 : Advanced International Multitech Co., Ltd. purchases the original materials on behalf of Advanced Sporting Goods (Dongguan) Co., Ltd. , and after processing, the finished products are sold to Advanced International Multitech Co., Ltd. , and the balances of other receivables and payables are offset.