Stock Code:3060

MIN AIK TECHNOLOGY CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of MIN AIK TECHNOLOGY CO., LTD. as of and for the year ended December 31, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, MIN AIK TECHNOLOGY CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statments.

Company name: MIN AIK TECHNOLOGY CO., LTD.
Chairman: CHIA KIN HENG
Date: March 21, 2019

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Independent Auditors' Report

To the Board of Directors of Min Aik Technology Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Min Aik Technology Co., Ltd. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note 4(o) "Revenue" of the consolidated financial statements.

   The Group's revenue recognition is based on the transaction terms with clients. Revenue recognition is one of the key judgmental areas for our audit, particulatly in respect of high volume of transaction generated from world-wide operation based.

How the matter was addressed in our audit

Our principal audit procedures included: assessing whether appropriate revenue recognition policies are applied through comparison with sales terms; understanding and testing the Group's controls surrounding revenue recognition, including corroborating the orders from clients, the proof of shipment, and receipt documents; sampling the sales transactions that occur within a certain period prior and subsequent to the reporting date, and examining the external file to evaluate whether the sales recognition is appropriate.

2. Evaluation of inventory

Please refer to Note 4(h) "Inventory" and Note 5 "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

The Group is primarily involved in the manufacture of hard disk drive components. As different series or models of electronic products are rapidly being replaced by trendy ones, it may affect the inventory of the outdated ones to be slow-moving, or worse yet, stagration, thus, the fact may result in the cost of inventory to be higher than the net realized value. The net realized value evaluation of inventory is based on the judgement by management of the Group. Therefore, this whole matter needed to be taken into a serious consideration.

How the matter was addressed in our audit

Our principal audit procedures included: assessing whether appropriate inventory policies are applied through comparison with accounting standards; sampling the inventory item and comparing the aging of inventory, understanding the origin price for estimate the net realized value, evaluating whether the calculation for lower of cost or net realized value is reasonable, and inspecting the inventory sales status subsequent to the reporting date.

3. Impairment of property, plant and equipment

Please refer to Note 4(m) "Impairment— non-derivative financial assets" , and Note 5 (b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" of the consolidated financial statements.

The Group is involved in a high capital expenditure industry, wherein maintaining a certain level of capacity to fulfill client's needs. Furthermore, its market environment is highly competitive, in which it is necessary for the Group to reduce the price of its product to stay competent. The inclusion of the assessment for impairment, such as identifying CGU, determining assessment methods, assessing key assumptions, and calculating recoverable amounts, is based on the judgment by the management of the Group and is a highly uncertain accounting estimation. Therefore, this whole matter needed to be taken into a serious consideration.

How the matter was addressed in our audit

Our principal audit procedures included: evaluating the appropriateness of impairment of CGU and impairment identified by the management, and assessing the testing assets to determine whether or not it has been completed; obtaining the valuation form of asset impairments provided by the management and evaluating its appropriateness, which include the realization on the financial forecast and the calculation of recoverable amounts; checking the discount factors of the present value of discounted cash flow forecasted based on the documents, such as the weighted average cost of capital, the forecasted sales volume, the market price, as well as the relevant costs and expenses. We applied the sensitivity analysis to the discount rate in order to understand the impact of the changes in key assumptions on the recoverable amounts; assessing the appropriateness of the provision for impairment assessment on property, plant and equipment provided by the management based on subsequent events.

Other Matter

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are
Jhen-Chian Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 21, 2019

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,053,325	16	1,848,974	26
1110	Current financial assets at fair value through profit or loss (note 6(b))	-	-	2,310	-
1170	Accounts receivable, net (note 6(c))	1,161,348	18	1,229,111	17
1180	Accounts receivable due from related parties, net (notes 6(c) and 7)	20,466	-	4,493	-
1200	Other receivables, net (notes 7 and 8)	44,425	1	67,517	1
130X	Inventories (note 6(d))	1,447,685	23	1,293,397	18
1470	Other current assets (note 6(h))	150,690	2	145,940	2
		3,877,939	60	4,591,742	64
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(e))	136,766	3	-	-
1550	Investments accounted for using equity method (note 6(f))	726,801	11	791,122	11
1600	Property, plant and equipment (notes 6(g) and 7)	1,567,511	24	1,571,190	22
1840	Deferred tax assets (note 6(m))	81,941	1	181,570	2
1900	Other non-current assets (note 6(h))	84,989	1	83,445	1
		2,598,008	40	2,627,327	36
	Total assets	$ 6,475,947	100	7,219,069	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 683,752	11	594,440	8
2170	Accounts payable	878,523	14	1,074,198	15
2180	Accounts payable to related parties (note 7)	144,597	2	214,714	3
2201	Wages and salaries payable	143,200	2	142,362	2
2322	Long-term borrowings, current portion (note 6(j))	15,025	-	15,025	-
2300	Other current liabilities	338,079	5	373,480	5
		2,203,176	34	2,414,219	33
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(j))	120,204	2	135,229	2
2570	Deferred tax liabilities (note 6(m))	352,989	6	459,049	7
2600	Other non-current liabilities	19,867	-	16,578	-
		493,060	8	610,856	9
	Total liabilities	2,696,236	42	3,025,075	42
	Equity attributable to owners of parent (note 6(n)):				
3100	Capital stock	1,393,616	21	1,393,616	19
3200	Capital surplus	1,748,231	27	1,748,231	24
	Retained earnings:				
3310	Legal reserve	821,041	13	815,597	11
3320	Special reserve	612,003	9	643,158	9
3350	Unappropriated retained earnings (accumulated deficit)	(331,285)	(5)	59,052	1
		1,101,759	17	1,517,807	21
3400	Other equity interest	(570,199)	(9)	(612,003)	(8)
3500	Treasury shares	(76,800)	(1)	(76,800)	(1)
	Equity attributable to owners of parent	3,596,607	55	3,970,851	55
36XX	**Non-controlling interests**	183,104	3	223,143	3
	Total equity	3,779,711	58	4,193,994	58
	Total liabilities and equity	$ 6,475,947	100	7,219,069	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenues (notes 6(p) and 7)**	$ 6,786,263	100	7,664,551	100
5000	**Operating costs (notes 6(d), 7 and 12)**	(6,478,167)	(95)	(7,049,375)	(92)
	Gross profit from operations	308,096	5	615,176	8
	Operating expenses (notes 6(c), 7 and 12):				
6100	Selling expenses	194,132	3	194,376	2
6200	Administrative expenses	295,908	5	279,622	4
6300	Research and development expenses	208,029	3	216,335	3
6450	Impairment loss determined in accordance with IFRS 9	(406)	-	-	-
	Total operating expenses	697,663	11	690,333	9
	Net operating loss	(389,567)	(6)	(75,157)	(1)
	Non-operating income and expenses (notes 6(f), (r) and 7):				
7010	Other income	36,568	1	65,353	1
7020	Other gains and losses	70,277	1	4,167	-
7050	Finance costs	(10,329)	-	(9,108)	-
7060	Share of profit (loss) of associates accounted for using equity method	(47,802)	(1)	14,447	-
	Total non-operating income and expenses	48,714	1	74,859	1
7900	**Profit (loss) before tax**	(340,853)	(5)	(298)	-
7950	Less: income tax expenses (gain) (note 6(m))	31,090	-	(42,160)	(1)
	Profit (loss)	(371,943)	(5)	41,862	1
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(4,416)	-	138	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,047)	-	-	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified	124	-	(94)	-
	Items that may not be reclassified subsequently to profit or loss	(5,339)	-	44	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation	31,341	-	40,490	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	14,196	-	(6,551)	-
	Items that may reclassified subsequently to profit or loss	45,537	-	33,939	-
8300	**Other comprehensive income**	40,198	-	33,983	-
	Total comprehensive income	**$ (331,745)**	**(5)**	**75,845**	**1**
	Profit (loss), attributable to:				
	Profit (loss) , attributable to owners of parent	$ (329,218)	(4)	54,449	1
8620	Profit (loss), attributable to non-controlling interests	(42,725)	(1)	(12,587)	-
		$ (371,943)	**(5)**	**41,862**	**1**
	Comprehensive income attributable to:				
	Comprehensive income, attributable to owners of parent	$ (291,706)	(4)	85,648	1
	Comprehensive income, attributable to non-controlling interests	(40,039)	(1)	(9,803)	-
		$ (331,745)	(5)	75,845	1
9750	**Basic earnings per share (NT dollars) (note 6(o))**	$	**(2.39)**		**0.34**
9850	**Diluted earnings per share (NT dollars) (note 6(o))**				**0.34**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital		Retained earnings				Other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	$ 1,742,020	1,789,500	794,208	445,538	440,230	1,679,976	(643,158)	-	(643,158)	-	4,568,338	232,946	4,801,284
Profit (loss)	-	-	-	-	54,449	54,449	-	-	-	-	54,449	(12,587)	41,862
Other comprehensive income	-	-	-	-	44	44	31,155	-	31,155	-	31,199	2,784	33,983
Total comprehensive income	-	-	-	-	54,493	54,493	31,155	-	31,155	-	85,648	(9,803)	75,845
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	21,389	-	(21,389)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	197,620	(197,620)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(216,662)	(216,662)	-	-	-	-	(216,662)	-	(216,662)
Cash dividends from capital surplus	-	(41,269)	-	-	-	-	-	-	-	-	(41,269)	-	(41,269)
Capital reduction	(348,404)	-	-	-	-	-	-	-	-	4,496	(343,908)	-	(343,908)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(81,296)	(81,296)	-	(81,296)
Balance at December 31, 2017	1,393,616	1,748,231	815,597	643,158	59,052	1,517,807	(612,003)	-	(612,003)	(76,800)	3,970,851	223,143	4,193,994
Profit (loss)	-	-	-	-	(329,218)	(329,218)	-	-	-	-	(329,218)	(42,725)	(371,943)
Other comprehensive income	-	-	-	-	(4,292)	(4,292)	42,851	(1,047)	41,804	-	37,512	2,686	40,198
Total comprehensive income	-	-	-	-	(333,510)	(333,510)	42,851	(1,047)	41,804	-	(291,706)	(40,039)	(331,745)
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	5,444	-	(5,444)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(82,538)	(82,538)	-	-	-	-	(82,538)	-	(82,538)
Reversal of special reserve	-	-	-	(31,155)	31,155	-	-	-	-	-	-	-	-
Balance at December 31, 2018	$ 1,393,616	1,748,231	821,041	612,003	(331,285)	1,101,759	(569,152)	(1,047)	(570,199)	(76,800)	3,596,607	183,104	3,779,711

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		2018	2017
Cash flows from (used in) operating activities:			
Loss before tax	$	(340,853)	(298)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		290,093	262,181
Amortization expense		6,611	13,586
Interest expense		10,329	9,108
Interest income		(5,777)	(6,020)
Share of loss (profit) of associates accounted for using equity method		47,802	(14,447)
Loss (gain) on disposal of property, plan and equipment		(1,360)	129
Gain on disposal of investments accounted for using equity method		(40,449)	(132,520)
Others		7,680	26,319
Total adjustments to reconcile profit (loss)		314,929	158,336
Changes in operating assets and liabilities:			
Changes in operating assets:			
Accounts receivable (including related parties)		52,176	381,365
Other receivable		16,371	10,537
Inventories		(160,008)	(274,989)
Other current assets		6,889	(21,277)
Other non-current assets		(193)	164
Total changes in operating assets		(84,765)	95,800
Changes in operating liabilities:			
Accounts payable (including related parties)		(265,792)	(246,059)
Other financial liabilities		(36,542)	22,147
Other current liabilities		(11,793)	22,285
Other non-current liabilities		(1,127)	(1,954)
Total changes in operating liabilities		(315,254)	(203,581)
Total changes in operating assets and liabilities		(400,019)	(107,781)
Total adjustments		(85,090)	50,555
Cash inflow (outflow) generated from operations		(425,943)	50,257
Interest received		5,778	6,000
Dividends received		13,491	60,712
Interest paid		(10,428)	(9,216)
Income tax received		24,091	-
Income taxes paid		(55,402)	(55,985)
Net cash flows from (used in) operating activities		(448,413)	51,768
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(137,813)	-
Proceeds from disposal of investments accounted for using equity method		44,795	158,771
Acquisition of property, plant and equipment		(259,978)	(299,212)
Proceeds from disposal of property, plant and equipment		5,942	6,435
Decrease in other receivables		6,720	47,070
Other investing activities		(7,962)	(10,281)
Net cash flows from (used in) investing activities		(348,296)	(97,217)
Cash flows from (used in) financing activities:			
Increase in short-term loans		89,312	7,440
Repayments of long-term debt		(15,025)	(28,722)
Cash dividends paid		(82,538)	(257,931)
Capital reduction payments to shareholders		-	(343,908)
Payments to acquire treasury shares		-	(81,296)
Net cash flows from (used in) financing activities		(8,251)	(704,417)
Effect of exchange rate changes on cash and cash equivalents		9,311	14,830
Net increase (decrease) in cash and cash equivalents		(795,649)	(735,036)
Cash and cash equivalents at beginning of period		1,848,974	2,584,010
Cash and cash equivalents at end of period	$	1,053,325	1,848,974

See accompanying notes to financial statements.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Min Aik Technology Co., Ltd. (the "Company") was incorporated on October 3, 1979, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F. 1, No. 492 1, Sec. 1, Wanshou Rd., Guishan District, Taoyuan City. The Company and subsidiaries (together referred to as the "Group" and individually as "Group entities") primarily is involved in the design, manufacture, and sale of hard disk drive components, plastic camera components, CD ROM drive components, and mechanical components for optical devices.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the board of directors on March 21, 2019.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

The Group applied this standard retrospectively to each prior reporting period on its consolidated financial statements.

The following are the nature and impacts on changing of accounting policies:

1) Sales of goods

For the sale of products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

2) Impacts on financial statements

Under IFRS15, the recognition of revenue is same as IAS18. The effect of impact is non-significant.

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 " Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group' s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(g).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(g).

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

·Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and other equity interest as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

·The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

— The determination of the business model within which a financial asset is held.

— The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

— The designation of certain investments in equity instruments not held for trading as at FVOCI.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

·If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

4) Classification of financial assets on the date of initial application of IFRS 9

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

	IAS39		IFRS9	
Financial Assets	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Cash and cash equivalents	Loans and receivables	1,848,974	Amortized cost	1,848,974
Derivative instruments	Held-for-trading	2,310	Mandatorily at FVTPL	2,310
Trade and other receivables	Loans and receivables	1,233,604	Amortized cost	1,233,604
Other receivables	Loans and receivables	67,517	Amortized cost	67,517

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as note 6(v).

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

(Continued)

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

(Continued)

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for the operating leases of its offices, warehouses, and factory facilities. The Group estimated that the right-of-use assets and the lease liabilities to increase by $129,805 and $129,805 respectively.

(ii) IFRIC 23 Uncertainty over Income Tax Treatments

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

So far, the Group estimated the application of the amendments resulting in deferred tax liabilities and the retained earnings will not affect respectively on January 1, 2019.

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies were applied consistently to the periods presented in the financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the defined benefit liability is recognized as the fair value of the plan assets less the present value of the defined benefit obligation, financial instruments measured at fair value through profit or loss are measured at fair value, and investment property is measured at fair value. The consolidated financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2018	Shareholding December 31, 2017
The Company	Min Aik Technology USA Inc. (MAUS)	Researching hard disk drive components	100.00 %	100.00 %
"	Min Aik International Development Pte., Ltd. (MAS)	Investment holding, researching hard disk drive components, and providing sales and marketing support	100.00 %	100.00 %
"	Synergy Technology Industrial Co., Ltd. (Synergy)	Holding company	100.00 %	100.00 %
"	Min Aik Technology (Thailand) Co., Ltd. (MATH)	Manufacture and sale of hard disk drive components	100.00 %	100.00 %
"	Good Master Holding Co., Ltd. (Good Master)	Holding company	100.00 %	100.00 %
"	Green Far Company Ltd. (Green Far)	Sale of electricity produced by curvature module	100.00 %	100.00 %
"	New Prestige Global Limited (NPG)	Holding Company	100.00 %	- %
"	Geminnovative Technology Co., LTD. (GIT)	Sale and retail of electricity product	100.00 %	- %
MAS	Min Aik Technology(M) Sdn. Bhd. (MAM)	Manufacture and sale of hard disk drive components	100.00 %	100.00 %
Synergy	Min Aik Technology (Suzhou) Co., Ltd. (MAY)	Design, manufacture, sale of hard disk drive components, and after-sales services	100.00 %	100.00 %
"	MATC Technology (M) Sdn. Bhd. (MATC)	Manufacture and sale of hard disk drive components	80.00 %	80.00 %
Good Master	MU-Technology Ptd. Ltd. (MUS)	Holding Company	69.41 %	69.41 %
MUS	MU Technology (M) Sdn.Bhd. (MUM)	Manufacture and sale of hard disk drive components	100.00 %	100.00 %
NPG	Min Aik-Automation (Suzhou) Co., Ltd (MAA)	Manufacture and sale of automatic drive	100.00 %	- %

(Continued)

Note: In order to upgrade level of the Group's competence to against the sharp-demand of hard disk drive components, the Group founded NPG and its' holding subsidiaries MAA on May, 2017 and April, 2018 respectively, as the way to solve the difficulties. Besides, the electricity product retailor GIT was found on August, 2018. The abovementioned entities were included in the consolidated report as founded in the fiscal reporting years.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the translation of foreign currency financial statements into the Group's functional currency which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits should be recognized as other current and non current financial assets.

(g) Financial instruments

(i) Financial assets (policy applicable from January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

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

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group' s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable, which is presented as accounts receivable. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL：

- Debt securities that are determined to have low credit risk at the reporting date；and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are measured at an amount equal to lifetime ECL.

Lifetime of ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial assets (policy applicable before January 1, 2018)

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets at cost, and loans and receivables.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than ones classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) Performance of the financial asset is evaluated on a fair value basis;

c) A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

(Continued)

2) Financial assets at cost

Investments in equity instruments that do not have a quoted price in an active market and whose fair values cannot be reliably measured are measured at their cost, less, impairment loss, and are included in financial assets at cost.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and investment in debt security with no active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date.

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

(Continued)

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of a receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses and recoveries of accounts receivable are recognized in profit or loss, and impairment losses and recoveries of other financial assets are recognized in non-operating income and expense.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

The Group separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

(Continued)

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, and it is included in non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term. The Group designates financial liabilities, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;

b) Performance of the financial liabilities is evaluated on a fair value basis;

c) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income and expenses.

3) Other financial liabilities

Financial liabilities not classified or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expense.

(Continued)

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under additional paid in capital, when an associate' s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the associate.

(Continued)

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under additional paid in capital. If the additional paid in capital resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless, the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non-operating income and expense.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

Leased assets are depreciated by using the straight line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

(Continued)

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 20 ~50 years

2) Building facilities: 8 ~10 years

3) Machinery: 2 ~20 years

4) Leasehold improvement: 3 ~15 years

5) Office and other equipment: 2 ~ 10 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(k) Lease

Operating leases are not recognized in the Group's balance sheet.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense on a straight-line basis over the term of the lease.

(l) Research & development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

(i) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(ii) The intention to complete the intangible asset and use or sell it.

(iii) The ability to use or sell the intangible asset.

(iv) How the intangible asset will generate probable future economic benefits.

(v) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.

(vi) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Impairment – non-derivative financial assets

The carrying amounts of the Group's non financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (the higher of its fair value less costs of disposal and its value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash generating unit (CGU).

If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

(n) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs). Gains on disposal of treasury shares should be recognized under "capital reserve – treasury share transactions"; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

During the cancellation of treasury shares, "capital reserve – share premiums" and "share capital" should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(o) Revenue

(i) Revenue from contracts with customers (policy applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells electronic components to computer manufacturers. The Group recognizes revenue when control of the products has transferred, as this is the point in time that the products are delivered to the customer, who has full discretion over the channel and price to sell the products. Besides, there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts when the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Revenue (policy applicable before January 1, 2018)

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For international shipments, transfer occurs upon loading the goods onto the relevant carrier at the client's designated location. Generally for such products, the customer has no right of return.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group' s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group' s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(Continued)

(q) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(r) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Assets and liabilities that are initially recognized but are not related to a business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also re evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(s) Earnings per share

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments made in applying accounting policies that have any significant effects on the amounts recognized in the consolidated financial statements.

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

(b) Impairment of property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates were based on changed economic conditions or business strategies and could result in significant impairment or reversals in future years.

The Group' s accounting policies include measuring financial, non-financial assets, and liabilities at fair value through profit or loss.

The Group's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to note 6(q) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and demand deposits	$ 975,344	1,787,430
Time deposits	77,981	61,544
Cash and cash equivalents in consolidated statement of cash flows	$ **1,053,325**	**1,848,974**

Please refer to note 6(s) for the exchange rate risk, the interest rate risk, and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Current financial assets at fair value through profit or loss

	December 31, 2017
Forward exchange contract	$ 2,310

Trading in derivative instruments to be avoid exchange rates and interest rates exposed by business, financing and investing activities. The Group not adopt derivative financial assets for hedging were follows. There is no such situation on December 31, 2018.

December 31, 2017			
Financial instruments	**Nominal amount (in thousand)**	**Currency**	**Delivery date**
Forward exchange contract sold	USD1,900	USD to MYR	2018.1.24
Forward exchange contract sold	USD1,000	USD to MYR	2018.1.9
Forward exchange contract sold	USD1,000	USD to MYR	2018.2.9

(c) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 143	152
Accounts receivable (including related parties)	1,185,893	1,238,060
Less: allowance for impairment	(4,222)	(4,608)
	$ 1,181,814	1,233,604

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of December 31, 2018 was determined as follows:

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,099,993	0%	-
1 to 90 days past due	79,810	0%~1%	507
91 to 180 days past due	2,386	0%~1%	24
181 to 360 days past due	184	15%~55%	28
More than 360 days past due	3,663	100%	3,663
	$ 1,186,036		4,222

As of December 31, 2017, the Group applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, and the aging analysis of notes and trade receivable, which were past due but not impaired, was as follows:

	December 31, 2017
Past due 0-90 days	$ 44,282
Past due 91-180 days	404
	$ **44,686**

Based on the historical payment behavior, the Group believed that the overdue receivables, of which no allowances for uncollectible amounts were set against, are still collectible. Besides, all the Group's receivable were not pledged as collareral as of December 31, 2018 and 2017.

The movement in the allowance for notes and account receivable was as follows:

	2018	2017
Balance on January 1, 2018 and 2017 per IAS 39	$ 4,608	4,516
Adjustment on initial application of IFRS 9	-	
Balance on January 1, 2018 per IFRS 9	4,608	
Impairment loss recognized	-	89
Impairment loss reversed	(406)	-
Write off	-	(8)
Foreign exchange losses	20	11
Balance on December 31, 2018 and 2017	$ **4,222**	**4,608**

(d) Inventories

	December 31, 2018	December 31, 2017
Raw materials	$ 756,369	723,850
Work in progress	166,937	209,584
Finished goods	524,379	359,963
	$ **1,447,685**	**1,293,397**

For the years ended December 31, 2018 and 2017, the Group recognized the following items as cost of goods sold:

	2018	2017
Cost of goods sold	$ 6,337,807	6,847,812
Unallocated fixed manufacturing overhead resulting from the actual production being lower than the normal capacity	81,661	104,196
Additional losses on inventory valuation and obsolescence	62,464	90,470
Others	(3,765)	6,897
	$ **6,478,167**	**7,049,375**

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2018 and 2017, the Group did not provide any inventories as collateral for its loans.

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

	December 31, 2018	December 31, 2017
Overseas Investment	$ 136,766	-

On January 1, 2018, the Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

The Group did not disposal the investment in the fiscal year. Gain or loss changes during the holding period were not transfer within the equity section.

Credit risk and market risk of the financial instrument showed in 6(s).

The discourse instrument was not pledged as collateral as of December 31, 2018 and 2017.

(f) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2018	December 31, 2017
Associates	$ 726,801	791,122

(i) The information on material associates

			Ownership (%)	
Name of Associates	**Main business activities**	**Country**	**December 31, 2018**	**December 31, 2017**
MAP	Mechanical components for optical devices	Taiwan	35.04 %	35.04 %

The fair value of affiliate listed on the Stock Exchange which are material to the Group is as follows:

	December 31, 2018	December 31, 2017
MAP	$ 667,827	1,192,645

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following consolidated financial information of significant affiliate has been adjusted according to individually prepared IFRS financial statements of these affiliates:

	December 31, 2018	December 31, 2017
Current assets	$ 1,900,436	2,176,754
Non-current assets	1,256,066	626,168
Current liabilities	(897,168)	(858,582)
Non-current liabilities	(530,174)	(117,648)
Net assets	$ 1,729,160	1,826,692
Net assets attributable to non-controlling interests	$ 1,721,313	1,818,845

	2018	2017
Operating revenue	$ 2,073,532	2,469,384
Net income	$ (56,767)	16,513
Other comprehensive loss	(2,265)	(5,698)
Total comprehensive income	$ (59,032)	10,815
Comprehensive income attributable to controlling interests	$ (59,032)	10,815

	2018	2017
Share of net assets of affiliate as of January 1	$ 637,305	694,228
Comprehensive income attributable to the Group	(20,685)	3,789
Dividends received from affiliate	(13,492)	(60,712)
Share of net assets of affiliate as of December 31	603,128	637,305
Add: The differences of equity attributable to owners	28,632	28,632
Less: Unrealized profit in ending inventory	(5,849)	(3,243)
The equity of associates belongs to the consolidated Company	$ 625,911	662,694

(ii) The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2018	December 31, 2017
Carrying amount of individually insignificant associates' equity	$ 100,890	128,428

	2018	2017
Attributable to the Group:		
Net loss	$ (25,304)	6,284
Other comprehensive loss	2,112	(1,089)
Comprehensive loss	$ (23,192)	5,195

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The aforementioned investments held by the Group and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably.

(iii) The Group disposed a portion of DAS's equity ownership for $44,795 and $158,771, resulting in gain of $40,449 and $132,520, which was recorded under gain on disposal of investment accounted for using equity method. The Group' s equity owners in DAS' s decreased from 22.86% to 20.86% and 37.94% to 22.86% in 2018 and 2017 respectively.The Group continues to account for its investment by using equity method.

(iv) Collateral

The Group's investment accounted for using equity method were not pledged as collateral as of December 31, 2018 and 2017.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2018 and 2017 were as follows:

	Land	Buildings and construction	Machinery and equipment	Other facilities	Prepayment for purchase of equipment	Total
Cost or deemed cost:						
Balance on January 1, 2018	$ 24,610	237,120	2,271,740	854,214	71,127	3,458,811
Additions	-	-	156,218	30,951	82,909	270,078
Disposal	-	-	(46,341)	(15,854)	-	(62,195)
Reclassification	-	-	84,241	12,914	(97,155)	-
Transfer from inventory	-	-	4,264	12,482	-	16,746
Transfer to expense	-	-	-	-	(3,000)	(3,000)
Other transfer	-	-	-	-	(10,506)	(10,506)
Effect of movements in exchange rates	955	3,193	11,478	3,016	8,369	27,011
Balance on December 31, 2018	$ **25,565**	**240,313**	**2,481,600**	**897,723**	**51,744**	**3,696,945**
Balance on January 1, 2017	$ 24,272	232,085	2,136,177	858,806	46,359	3,297,699
Additions	-	-	85,590	43,947	189,571	319,108
Disposal	-	-	(108,324)	(87,228)	-	(195,552)
Reclassification	-	-	127,947	27,574	(155,521)	-
Transfer from inventory	-	-	3,958	6,727	-	10,685
Other transfer	-	-	-	(793)	(10,543)	(11,336)
Effect of movements in exchange rates	338	5,035	26,392	5,181	1,261	38,207
Balance on December 31, 2017	$ **24,610**	**237,120**	**2,271,740**	**854,214**	**71,127**	**3,458,811**

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		Land	Buildings and construction	Machinery and equipment	Other facilities	Prepayment for purchase of equipment	Total
Depreciation and impairments loss:							
Balance on January 1, 2018	$	-	56,849	1,266,635	564,137	-	1,887,621
Depreciation for the year		-	8,059	211,037	70,997	-	290,093
Disposal		-	-	(42,928)	(14,696)	-	(57,624)
Reclassification		-	-	923	1,159	-	2,082
Effect of movements in exchange rates		-	757	6,626	(121)	-	7,262
Balance on December 31, 2018	$	-	65,665	1,442,293	621,476	-	2,129,434
Balance on January 1, 2017	$	-	47,887	1,163,825	586,307	-	1,798,019
Depreciation for the year		-	7,657	190,127	64,397	-	262,181
Disposal		-	-	(101,916)	(87,072)	-	(188,988)
Transfer to other revenue		-	-	663	471	-	1,134
Effect of movements in exchange rates		-	1,305	13,936	34	-	15,275
Balance on December 31, 2017	$	-	56,849	1,266,635	564,137	-	1,887,621
Carrying amounts:							
Balance on December 31, 2018	$	25,565	174,648	1,039,307	276,247	51,744	1,567,511
Balance on December 31, 2017	$	24,610	180,271	1,005,105	290,077	71,127	1,571,190
Balance on January 1, 2017	$	24,272	184,198	972,352	272,499	46,359	1,499,680

As of December 31, 2018 and 2017, the property, plant and equipment of the Group had not been pledged as collateral.

(h) Other current assets and other non-current assets

The following are other current assets and other non-current assets of the Group:

		December 31, 2018	December 31, 2017
Tax refundable and offset against business tax payable	$	69,924	59,082
Long-term prepayments for rents		41,609	41,674
Refundable deposits		30,828	29,047
Prepayment for purchases		7,667	34,617
Others		85,651	64,965
	$	235,679	229,385

(i) Short-term borrowings

		December 31, 2018	December 31, 2017
Unsecured bank loans	$	487,000	494,440
Secured bank loans		196,752	100,000
	$	683,752	594,440
Range of interest rates		0.95%~3.80%	0.95%

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(s) for the interest rate risk, and the liquidity risk of the financial assets and liabilities of the Group. For the collateral for short-term borrowings, please refer to note 8.

(j) Long-term borrowings

The details were as follows:

	December 31, 2018			
	Currency	**Interest rate**	**Maturity year**	**Amount**
Bank loans	NTD	1.97%	2027	$ 135,229
Less: current portion				(15,025)
Total				$ 120,204

	December 31, 2017			
	Currency	**Interest rate**	**Maturity year**	**Amount**
Bank loans	NTD	1.97%	2027	$ 150,254
Less: current portion				(15,025)
Total				$ 135,229

(k) Operating lease

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2018	December 31, 2017
Less than one year	$ 58,849	55,004
Between two and five years	56,492	85,259
Over six years	18,270	20,300
	$ 133,611	160,563

(i) The Group leased office space, warehouses, and equipment under operating leases with lease terms of 1 to 20 years and had an option to renew the leases. During the years 2018 and 2017, an amount of $67,957 and $66,002, respectively, was recognized as an expense in profit or loss in respect of operating leases. There was no contingent rent recognized as an expense.

(ii) The Group does not participate in the residual value of the land and buildings.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value of the plan assets of the company were as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 54,636	52,780
Fair value of plan assets	(51,207)	(52,662)
Net defined benefit liabilities	$ 3,429	118

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $54,157 as of December 31, 2017. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movement in the present value of the defined benefit obligations of the Group were as follows:

	2018	2017
Defined benefit obligation at January 1	$ 52,780	51,956
Current service costs and interest	1,054	1,140
Re-measurement loss (gain):		
- Return on plan assets excluding interst income	5,735	(1,632)
- Actuarial loss (gain) arising from		
-demographic assumptions	20	219
-financial assumptions	99	1,097
Benefit paid	(5,052)	-
Defined benefit obligation at December 31	$ 54,636	52,780

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2018	2017
The effect of the asset ceiling at January 1	$	52,662	50,487
Interest cost (income)		669	707
Re-measurement loss (gain)			
- Return on plan assets excluding interst income		1,438	(177)
Contribution paid by employer		1,490	1,645
Benefits paid		(5,052)	-
The effect of the asset ceiling at December 31	$	**51,207**	**52,662**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2018	2017
Current service cost	$	394	426
Net interest of net liabilities for defined benefit obligations		(9)	7
	$	**385**	**433**
Operating cost	$	171	146
Selling expenses		25	23
Administrative expenses		120	207
Research and development expenses		69	57
	$	**385**	**433**

5) Re-measurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group' s remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2018 and 2017, was as follows:

		2018	2017
Accumulated amount at January 1	$	(3,670)	(3,808)
Recognized (reversal) during the period		(4,416)	138
Accumulated amount at December 31	$	**(8,086)**	**(3,670)**

(Continued)

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	2018	2017
Discount rate	1.125 %	1.250 %
Future salary increase rate	1.500 %	1.625 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $1,450.

The weighted-average lifetime of the defined benefits plans is 11 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined oblignations	
Actuarial assumptions	**Increase of 0.25%**	**Decrease of 0.25%**
2018.12.31		
Discount rate 1.125%	(2,206)	2,352
Future salary increase rate 1.500%	2,262	(2,143)
Actuarial assumptions	**Increase of 0.5%**	**Decrease of 0.5%**
2017.12.31		
Discount rate 1.250%	(2,168)	2,310
Future salary increase rate 1.625%	2,225	(2,109)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There was no change in the method and assumptions used in the preparation of the sensitivity analysis for 2018 and 2017.

(ii) Defined contribution plans

The Group allocates 6% of each employee' s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Group recognized pension costs under the defined contribution method amounting to $48,852 and $48,073 for the years ended December 31, 2018 and 2017, respectively.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Income taxes

The tax-law was announced by the Government on February 7, 2018 from 17% to 20% since 2018 fiscal year.

(i) The components of income tax in the years 2018 and 2017 were as follows:

	2018	2017
Current tax	$ 23,154	37,842
Deferred tax	7,936	(80,002)
Income tax expense (benefit)	**$ 31,090**	**(42,160)**

(ii) The amount of income tax recognized in other comprehensive income for 2018 and 2017 was as follows:

	2018	2017
Foreign currency translation differences for foreign operations	**$ 14,196**	**6,551**

(iii) Reconciliation of income tax and profit before tax for 2018 and 2017 was as follows:

	2018	2017
Profit excluding income tax	$ (340,853)	(298)
Income tax using the Company's domestic tax rate	(121,298)	(8,093)
Effect of tax rates in foreign jurisdiction	(12,513)	(3,799)
Change in unrecognized deferred tax assets	64,828	-
Tax-exempt income	404	(27,196)
Change in permanent differences	7,511	-
Investment deduction	-	(16,009)
Change in provision in prior periods	(2,852)	-
Others	95,010	12,937
	$ 31,090	**(42,160)**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

There is no unrecognized deferred tax liabilities.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2018	December 31, 2017
The carry forward of unused tax losses	$ 111,189	27,760
Tax effect of deductible temporary differences	56,329	47,880
	$ **167,518**	**75,640**

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2018, the carry forward of unused tax losses of the Group, amounted to $111,189 based on their respective effective tax rates, the maximum deductible tax amount was $545,124.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2018 and 2017 were as follows:

	Investment income recognized under the equity method	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2018	$ 447,630	11,419	459,049
Recognized in profit or loss	29,803	(6,895)	22,908
Recognized in other comprehensive income	(129,032)	-	(129,032)
Foreign currency translation adjustment	-	64	64
Balance on December 31, 2018	$ **348,401**	**4,588**	**352,989**
Balance on January 1, 2017	$ 446,152	48,688	494,840
Recognized in profit or loss	1,478	(37,793)	(36,315)
Foreign currency translation adjustment	-	524	524
Balance on December 31, 2017	$ **447,630**	**11,419**	**459,049**

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		Additional loss on inventory valuation	Unused tax losses carry forwards	Investment income recognized under the equity method	Others	Total
Deferred tax assets:						
Balance on January 1, 2018	$	(3,552)	(32,268)	(115,803)	(29,947)	(181,570)
Recognized in profit or loss		(1,916)	(4,120)	(9,477)	541	(14,972)
Recognized in other comprehensive income		-	-	114,836	-	114,836
Exchange rate translation differences		-	(89)	-	(146)	(235)
Balance on December 31, 2018	$	(5,468)	(36,477)	(10,444)	(29,552)	(81,941)
Balance on January 1, 2017		(2,842)	-	(122,354)	(16,168)	(141,364)
Recognized in profit or loss		(710)	(32,068)	-	(10,909)	(43,687)
Recognized in other comprehensive income		-	-	6,551	-	6,551
Exchange rate translation differences		-	(200)	-	(2,870)	(3,070)
Balance on December 31, 2017	$	(3,552)	(32,268)	(115,803)	(29,947)	(181,570)

(v) Examination and approval

The Company's and Green Far's tax returns for the years through 2016 were examined and approved by the Taipei National Tax Administration.

(n) Capital and other equity

As of December 31, 2018 and 2017, the authorized common stock was $4,000,000 (including employee stock options for 7.5 million shares). The total common stock was outstanding all amounted to $1,393,616 for both years. The par value of the Company's common stock is $10 (NT dollars) per share.

In order to adjust the capital structure and increase the return on equity of the Company, a resolution was approved during the shareholders' meeting on June 16, 2017 for a 20% capital reduction totaling $348,404, with the approval of the Financial Supervisory Commission of Republic of China on August 2, 2017, and with the record date set on August 14, 2017. All related statutory procedures had been completed on August 31, 2017.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Capital surplus

The balances of capital surplus as of December 31, 2018 and 2017, were as follows:

	December 31, 2018	December 31, 2017
Additional paid-in capital	$ 1,402,216	1,402,216
Treasury share transactions	80,675	80,675
Gain on disposal of assets	7	7
Change of equity of associates accounted for using equity method	265,333	265,333
	$ 1,748,231	1,748,231

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

Based on resolutions approved by the stockholders during their annual stockholders' meetings on June 16, 2017, cash dividends of $41,269 ($0.24 per share), was distributed out of capital surplus. Relevant information is available on the Market Observation Post System website.

(ii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the board of directors, and a meeting of shareholders will be held to decide on this matter. The cash dividends shall not be more than 10% of total dividends.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Legal reserve

According to the amendment of ROC Company Act amended in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of the capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (and is not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2018 and 2017, the amount of reversal of special reserve are $612,003 and $643,158, respectively.

3) Earnings distribution

Earnings distribution for 2017 and 2016 was decided via the general meeting of the stockholders' held on June 15, 2018, and on June 16, 2017, respectively. The relevant dividend distributions to shareholders were as follows:

	2017		2016	
	Dividends per share (NT dollars)	Amount	Dividends per share (NT dollars)	Amount
Dividend distributions to shareholders:				
Cash from unappropriated retained earnings	$ 0.60	82,538	1.26	216,662

(iii) Treasury shares

In 2017, the Company repurchased 2,248 thousand treasury shares amounting to $81,296 in order to protect the Company' s integrity and shareholders' equity in accordance with the requirements under section 28(2) of the Securities and Exchange Act. In addition, an amount of $4,496 was reduced due to the capital reduction in 2017. As of 31 December 2017, a total of 1,798 thousand shares were not cancelled yet.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves.

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

(o) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2018 and 2017, was based on the profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding, calculated as follows:

	2018	2017
Profit attributable to ordinary shareholders of the Company	$ (329,218)	54,449
Weighted-average number of ordinary shares at December 31	137,564	159,059
Basic earnings (loss) per share	$ (2.39)	0.34

(ii) Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2017 was based on profit attributable to ordinary shareholders of the Company and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2017
Profit attributable to ordinary shareholders of the Company (basic=diluted)	$ 54,449
Weighted-average number of ordinary shares (basic) (in thousands shares)	159,059
Effect on employee remuneration (in thousands shares)	208
Weight-average number of ordinary shares (diluted) at December 31 (in thousands shares)	159,267
Diluted earnings per share	$ 0.34

The operating result of fiscal year 2018 was net loss totally. The adjusted factor of the common stock was ineffective on EPS. Thus, diluted ones was not be disclosure for the year.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Revenue from contracts with customers

		2018	2017
Primary geographical markets			
Thailand	$	3,168,943	3,866,419
Malaysia		2,093,235	2,431,555
United States		940,432	756,750
Other		583,653	609,827
	$	6,786,263	7,664,551
Major products/services lines			
APFA	$	2,196,859	3,234,654
VCM		1,559,956	1,619,187
COVER		854,325	838,008
EHD		812,032	691,939
RAMP		305,681	243,960
HDD		203,694	248,559
Other		853,716	788,244
	$	6,786,263	7,664,551

(q) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2018 in loss condition without estimated employee compensation and supervisors' remuneration. The fiscal year 2017, the Company estimated its employee remuneration amounting to 2,952 and directors' and supervisors' remuneration amounting to738, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2017. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2017.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Non-operating income and expenses

(i) Other income

The other income for the years ended December 31, 2018 and 2017, was as follows:

	2018	2017
Interest income	$ 5,777	6,020
Others	30,791	59,333
	$ 36,568	65,353

(ii) Other gains and losses

The other gains and losses for the years ended December 31, 2018 and 2017, were as follows:

	2018	2017
Foreign currency exchange gains, net	$ 29,020	(123,966)
Gain on financial assets measured at fair value through profit and loss	(2,367)	2,288
Gain on disposal of investments accounted for using equity method	40,449	132,520
Other	3,175	(6,675)
	$ 70,277	4,167

(s) Financial instruments

(i) Credit risk

1) Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises from the Group's accounts receivable and investments.

a) Accounts receivable and others receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. These limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

b) Investment

The credit risk exposure in bank deposits, fixed-income investment, and other financial instruments is measured and monitored by the Group' s finance department. As the Group deals with banks and other external parties with good credit standing and with financial institutions, corporate organizations, and government agencies which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

2) Other information about credit risk was as follows:

a) Exposure to credit risk

As of December 31, 2018 and 2017, the carrying amount of financial assets, which represents the maximum amount exposed to credit risk, was $2,279,564 and $3,150,095, respectively.

b) The Group' s credit risk is mainly affected by the credit characteristics of each creditor. This is also an impact on credit risk from the business of the customer. As of December 31, 2018 and 2017, 67% and 79%, respectively, of the ending balance of accounts receivable arose from sales to individual customers constituting the top three customers for the years ended December 31, 2018 and 2017.

(ii) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

1) Based on the date on which the Group may be required to make an early repayment and on the preparation of the financial liabilities' undiscounted cash flows, including interest, but does not include the effect of any netting agreement.

2) Other non-derivative financial liabilities' maturity analysis prepared in accordance with the agreed repayment date.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1 ~ 2 years	2 ~5 years	Over 5 years
December 31, 2018						
Non-derivative financial liabilities:						
Short-term and long-term borrowings	$ 818,981	831,980	702,206	17,258	49,997	62,519
Accounts payable	878,523	878,523	878,523	-	-	-
Accounts payable–related parties	144,597	144,597	144,597	-	-	-
Other financial liabilities	167,867	167,867	167,867	-	-	-
	$ 2,009,968	2,022,967	1,893,193	17,258	49,997	62,519
December 31, 2017						
Non-derivative financial liabilities:						
Short-term and long-term borrowings	$ 744,694	760,514	613,186	17,554	50,885	78,889
Accounts payable	1,074,198	1,074,198	1,074,198	-	-	-
Accounts payable–related parties	214,714	214,714	214,714	-	-	-
Other financial liabilities	226,492	226,492	226,492	-	-	-
	$ 2,260,098	2,275,918	2,128,590	17,554	50,885	78,889

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2018			December 31, 2017		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 52,080	30.715	1,599,637	83,367	29.76	2,481,000
SGD	5,254	22.480	118,110	6,165	22.26	137,238
CHF	328	31.185	10,229	484	30.455	14,741
JPY	79,702	0.2782	22,173	-	-	-
Non-monetary items						
USD	-	-	-	3,900	29.760	Note
Financial liabilities						
Monetary items						
USD	30,997	30.715	952,073	35,335	29.76	1,051,565
SGD	507	22.480	11,397	971	22.26	21,613
JPY	115,500	0.2782	32,132	-	-	-

Note: The fair value of forward exchange contracts was measured at December 31, 2018. For related information, please refer to note 6(b)

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency. A weakening (strengthening) of 1% of the TWD against the foreign currency as of December 31, 2018 and 2017, would have increased or decreased the net profit before tax by $7,545 and $15,598, respectfively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. In 2018 and 2017, the foreign exchange gain, including both realized and unrealized, amounted to $29,020 and $(123,966), respectively.

2) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2018	**December 31, 2017**
Fixed-rate instruments:		
Financial assets	$ 56,142	70,603
Financial liabilities	(200,000)	(487,000)
	$ (143,858)	(416,397)
Variable-rate instruments:		
Financial assets	$ 779,343	1,532,348
Financial liabilities	(618,981)	(257,694)
	$ 160,362	1,274,654

The following sensitivity analysis is based on the exposure to interest rate risk of the derivative and non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by $401 thousand and $3,187 thousand for the years ended December 31, 2018 and 2017, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings at variable interest rates.

The Group's financial liabilities at fixed interest rates are measured using the amortized cost method. Since the change in market interest rate at the end of each reporting period had no impact on profit and loss, disclosure of the sensitivity to changes in fair value is not necessary.

(iv) Fair value of financial instrument

1) Fair value and carrying amount

The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	$ 1,053,325				
Accounts receivable, net	1,161,348				
Accounts receivable－related parties, net	20,466				
Other receivables	44,425				
	$ 2,279,564				
Financial liabilities carried at amortized cost					
Borrowings	818,981				
Accounts payable	878,523				
Accounts payable-related parties, net	144,597				
Other financial liabilities	357,403				
	$ 2,199,504				

	December 31, 2017				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	$ 2,310	-	2,310	-	2,310
Loans and receivables					
Cash and cash equivalents	$ 1,848,974				
Accounts receivable, net	1,229,111				
Accounts receivable－related parties, net	4,493				
Other receivables	67,517				
	$ 3,150,095				
Financial liabilities carried at amortized cost					
Borrowings	$ 744,694				
Accounts payable	1,074,198				
Accounts payable－related parties	214,714				
Other financial liabilities	378,481				
	$ 2,412,087				

(Continued)

2) Valuation techniques for financial instruments not measured at fair value

The Group measures the financial instruments not measured at fair value through the following methods and assumptions:

Fair value measurement for financial liabilities measured at amortized cost is based on the latest quoted price and agreed-upon price if these prices are available in an active market. When market value is unavailable, the fair value of financial liabilities is evaluated based on the discounted cash flow of the financial liabilities.

3) Valuation techniques for financial instruments that are measured at fair value

Forward exchange contracts are usually measured at current forward rate.

There was no transfer between the different levels of the fair value hierarchy for the years ended December 31, 2018 and 2017.

4) Valuation techniques for financial instruments that are measured at fair value

a) Non-derivative financial instrument

If a financial instrument has an open quote for an active market, it will use the public quoted price of the active market as its fair value.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm' s length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well established, only small volumes are traded, or bid ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments in an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation technique, including a model using observable market data at the reporting date.

b) Derivative financial instrument

Measurement of the fair value of derivative instruments are based on the valuation techniques generally accepted by market participants, such as discounted cash flow or option pricing models. The fair value of forward currency is usually determined based on the forward currency exchange rate.

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Reconciliation of Level 3 fair values

The Group assess non-current financial assets at fair value through other comprehensive income as level 3 of financial instrument for the year ended December 31, 2018.

Opening balance, January 1, 2018	$	-
Purchased		137,813
Recognize in other comprehensive income		(1,047)
Ending Balance, December 31, 2018	$	**136,766**

The profit or losses shown above was recognize as unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income in Income statement.

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Group's financial instrument that use Level 3 inputs to measure fair value is "fair value through other comprehensive income (available-for-sale financial assets) – equity investments".

The majority of Group's financial instrument that use Level 3 inputs to measure fair value has a single significant unobservable input, however, investments in equity instrument without active market have multiple significant unobservable inputs. The significant unobservable inputs of investments in equity instrument without active market were isolated and not related to each other.

Quantitfied information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income (Available for sale financial assets) —equity investments without an active market	Net Asset Value Method	·Revenue/Net Asset Value->3~5 (4.19/4.14)	·The equity and fair value depends on higher multiple factors.

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions to reflect reasonably possible alternative assumptions would have the following effects:

			Other comprehensive income	
	Data	**Change upper or lower**	**Favour-able**	**Unfavour-able**
December 31, 2018				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	3.5/3.5	lower	-	(5,372)
	4.5/4.5	Upper	1,207	-

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(t) Financial risk management

(i) Structure of risk management

The Group's finance department provides business services for all internal departments. It sets the objectives, policies and processes for managing risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The board of directors regulates the use of derivative and non-derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, and credit risk; the use of derivative and non-derivative financial instruments; and investment of excess liquidity. The internal auditors of the Group continuously review of the amount of risk exposure in accordance with the Group's risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. The finance department reports to the board of directors periodically.

(ii) Briefings

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note presents information on exposure to each of the above risks and on the objectives, policies, and processes as for measuring and managing risk. For detailed information, please refer to 6(r).

(u) Capital management

The Group manages capital to safeguard the capacity to continue to operate. The management uses the asset-liability ratio to manage capital. This ratio is debt divided by assets. Debt is derived from the total liabilities, except for bonds payable. As of December 31, 2018 and 2017, the Group's asset-liability ratios were both 42%.

As of December 31, 2018 and 2017, there were no changes in the Group's approach to capital management.

(v) Financing activities

Reconciliation of financing activities as follow:

	Short-term borrowings	Long-term borrowings	Total
January 1, 2018	$ 609,465	135,229	744,694
Cash flow			
Borrowing	4,724,312	-	4,724,312
Repayment	(4,635,000)	(15,025)	(4,650,025)
	89,312	(15,025)	74,287
December 31, 2018	**$ 698,777**	**120,204**	**818,981**

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Group and its subsidiaries.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Name of related parties and relationships

The related parties who have transactions with the Group during the period covered by the the Consolidated Financial Statements are as follows:

Name of related parties	Relationship with the Group
Min Aik Precision Industrial Co., Ltd (MAP)	An associate
MAP Plastics Ptd Ltd. (MAPP)	An associate
Amould Plastic Technologies (Suzhou) Co., Ltd (AMO)	An associate
Chen-Source Inc. (Chen-Source)	Legal director of the Company
Ablytek Co., Ltd (Ablytek)	An associate
Das Technology Co., Ltd (Das)	An associate
MAP Technology Holding Ptd Ltd. (MAT Tech.)	An associate
Walsin Technology Corporation (Walsin)	Affiliates
Key management personnel	Key management personnel of the Group

(c) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Group to related parties and the resulting accounts receivable were as follows:

	Sales		Accounts receivable – related party	
	2018	2017	December 31, 2018	December 31, 2017
Associates	$ 68,151	25,382	20,466	4,314
Other related parties	-	5,326	-	179
	$ 68,151	30,708	20,466	4,493

The credit terms were 30 to 120 days for related parties, but may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are about 2 to 3 months after delivery. The sales prices were not significantly different from those for third-party customers.

(ii) Purchases

The amounts of purchases by the Group from related parties were as follows:

	Purchase		Accounts payable – related party	
	2018	2017	December 31, 2018	December 31, 2017
MAP	$ 557,420	642,208	144,597	214,714

The credit terms were 90 to 120 days for related parties, but they may be adjusted depending on the demand for funds of the related party. The general credit terms for counterparties other than related parties are L/C, T/T, or 60~120 days after goods are received. The purchase price is negotiated by the parties.

(iii) Service revenue

1) Inspection revenue

	Amounts		Other accounts receivable – related party	
	2018	2017	December 31, 2018	December 31, 2017
Associates	4,576	4,380	1,891	2,149

2) Management service revenue

	Amounts		Accounts receivable – related party	
	2018	2017	December 31, 2018	December 31, 2017
Associates	$ 4,835	3,102	588	976

(iv) Property transactions

The purchases of property, plant and equipment from related parties were as follows:

	Amounts		Other accounts payable – related parties	
	2018	2017	December 31, 2018	December 31, 2017
Purchase price	$ 1,202	604	614	-

(d) Key management personnel compensation

	2017	2017
Short-term employee benefits	$ 29,955	34,777
Post-employment benefits	274	5,053
	$ 30,229	39,830

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2018	December 31, 2017
Time deposit (classified under other receivable)	Bank loans and guarantee for credit line	$ 37,574	44,294

(Continued)

(9) Significant commitments and contingencies:

Significant commitments unrecognized:

(a) Unrecognized commitments of the Group were as follows:

	December 31, 2018	December 31, 2017
Acquisition of property, plant and equipment	$ 56,424	90,900

(b) Guarantee notes issued as collateral for applying for a credit line were as follows:

	December 31, 2018	December 31, 2017
Guarantee notes issued	$ 1,575,015	1,854,960
Endorsement guarantee	$ 629,377	822,574

(c) The Group entered into operating lease agreements. Please refer to note 6(k).

(d) Green Far entered into an electricity sales agreement with Taiwan Power Company. The initial term of the sales agreement shall commence on the agreed date and extend for a period of twenty years.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function	2018			2017		
By item	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	838,282	256,430	1,094,712	768,103	246,590	1,014,693
Labor and health insurance	21,875	15,279	37,154	19,462	15,417	34,879
Pension	34,054	15,183	49,237	30,295	18,211	48,506
Others	76,176	18,284	94,460	59,812	14,689	74,501
Depreciation	255,945	34,148	290,093	230,872	31,309	262,181
Amortization	4,269	2,342	6,611	9,108	4,478	13,586

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balanceof financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	MUS	MUM	Other receivables from related parties	Yes	30,715	30,715	30,715	1%	Short-term financing	-	Operating capital	-	-	-	719,321	1,438,643

Note 1: The highest amounts were approved by the board of directors.

Note 2: The short term financing available for purposes shall not exceed 20% of the lending company's net worth in the latest financial statements.

Note 3: The total amount available for lending purposes shall not exceed 40% of the lending company's net worth in the latest financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and/ endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	Synergy	Subsidiary of the Company	Note 1	245,720	245,720	-	-	6.83 %	7,193,214	Y	N	N
〃	〃	MUM	Subsidiary of MUS	359,661	330,363	230,363	86,002	-	6.41 %	-	Y	N	N
〃	〃	Green Far	Subsidiary of the Company	Note 1	253,294	153,294	135,229	-	4.26 %	-	Y	N	N

Note 1: Except for the Company's subsidiaries, in which the Company directly or indirectly holds 100% of their shares, the guarantee amounts given to them shall not exceed 10% of the Company's net worth in the latest financial statements.

Note 2: The highest balance for guarantees can not exceed the Compnay's net worth in the latest financial statement.

(iii) Securities held as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balanceN				Highest	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Percentage of ownership (%)	
The Company	Archers Inc.	NO	Financial assets measured at cost	4,500	-	13.89 %	Not applicable for listed company	13.89 %	
〃	LBO	〃	〃	165	-	0.72 %	〃	0.72 %	
〃	HDDisk	〃	〃	833	-	12.50 %	〃	12.50 %	
〃	Tascent, Inc.	〃	FVOCI	4,500	136,766	5.15 %	136,766	5.15 %	
					$ 136,766				

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	MAM	The subsidiary held 100 percentage shares by MAS	Purchase	1,963,887	47 %	Note 1	-	The general credit terms are about 2 to 4 months	(694,986)	(55)%	Note 3
The Company	MATC	The subsidiary held 80 percentage shares by Synergy	〃	698,499	17 %	〃	-	〃	(131,341)	(10)%	〃
The Company	MAY	The subsidiary held 100 percentage shares by Synergy	〃	639,894	15 %	〃	-	〃	(249,286)	(20)%	〃
The Company	MAP	The Company held 35.04 percentage shares of the invested company	〃	159,662	4 %	〃	-	〃	(47,262)	(4)%	-
MAM	MUM	The subsidiary held 100 percentage shares by MUS	〃	408,042	12 %	Note 2	-	〃	(33,118)	(6)%	Note 3
MAM	MAP	The Company held 35.04 percentage shares of the invested company	〃	397,759	12 %	〃	-	〃	(96,728)	(16)%	-
MAM	The Company	The subsidiary held 100 percentage shares by MAS	Sale	(1,963,887)	(52) %	Note 1	-	〃	694,986	65%	Note 3
MATC	The Company	The subsidiary held 80 percentage shares by Synergy	〃	(698,499)	(85) %	〃	-	〃	131,341	80%	〃
MAY	The Company	The subsidiary held 100 percentage shares by Synergy	〃	(639,894)	(74) %	〃	-	〃	249,286	92%	〃
MUM	MAM	The subsidiary held 100 percentage shares by MAS	〃	(408,042)	(98) %	Note 2	-	〃	33,118	94%	〃

Note 1: Payment term given to related parties is 120 days; any further adjustment on the term will have to be agreed by both parties.

Note 2: Payment term given to related parties is INV 60 days; any further adjustment on the term will have to be agreed by both parties.

Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 1)	Allowance for bad debts
					Amount	Action taken		
MAM	The Company	The subsidiary held 100 percentage shares by MAS	694,986	2.21	-	-	108,328	-
MATC	The Company	The subsidiary held 80 percentage shares of Synergy	131,341	4.35	-	-	106,502	-
MAY	The Company	The subsidiary held 100 percentage shares of Synergy	249,286	2.60	-	-	108,365	-

Note 1: Until January 31, 2019.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments:None

(x) Business relationships and significant intercompany transactions:

Disclosure of the amounts exceeding the $10,000.

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	MAM	1	Purchase	1,963,887	Note 3	28.94%
			1	Account payable	694,986	〃	10.73%
			1	Service revenue	58,268	〃	0.86%
0	〃	MAY	1	Purchase	639,894	〃	9.43%
			1	Account payable	249,286	〃	3.85%
0	〃	MATC	1	Purchase	698,499	〃	10.29%
			1	Account payable	131,341	〃	2.03%
1	MAM	MUM	3	Purchase	408,042	Note 4	6.01%
			3	Account payable	33,118	〃	0.51%
2	MUS	MUM	3	Other Receivable	30,715	Loan	0.47%
	〃	〃	3	Service revenue	17,241	Note 3	0.25%
3	MUM	MAM	3	〃	13,002	〃	0.19%
4	MAUS	MAM	3	〃	15,491	〃	0.23%
5	MAS	MAM	3	〃	49,665	〃	0.73%
5	〃	MATC	3	〃	12,364	〃	0.18%

Note 1: "0" represents the parent company, and the others represent the subsidiaries.

Note 2: "1" represents the transactions from parent company to subsidiary.

"2" represents the transactions from subsidiary to parent company.

"3" represents the transactions between subsidiaries.

Note 3: The purchase price is decided by the Company. However, the netting off on accounts receivable and accounts payables is agreed upon by both parties. Payment term given to related parties is 120 days; any further adjustment on the term will have to be agreed by both parties.

Note 4: Payment term given to related parties is INV 60 days; any further adjustment on the term will have to be agreed by both parties.

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2018 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2018			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (thousands)	Percentage of wnership	Carrying value				
The Company	MAS	Singapore	Market development and customer service	353,522	353,522	18,564	100.00 %	1,987,478	100.00 %	(191,326)	(191,326)	Note 1
The Company	Synergy	Samoa	Holding company	791,816	791,816	24,312	100.00 %	797,192	100.00 %	5,944	5,945	〃
The Company	MATH	Thailand	Manufacturing and sale of machinery components	460,754	460,754	412	100.00 %	109,252	100.00 %	(7,219)	(7,219)	〃
The Company	MAUS	USA	Manufacturing sale of machinery components and customer service	968	968	30	100.00 %	4,667	100.00 %	482	482	〃
The Company	Good Master	Caymen	Holding company	239,894	239,894	7,490	100.00 %	177,417	100.00 %	(73,003)	(71,919)	〃
The Company	Green far\	Taiwan	Energy	12,000	12,000	1,200	100.00 %	18,446	100.00 %	3,964	3,964	〃
The Company	MAP Tech.	Singapore	Holding company	260,791	260,791	66,913	46.60 %	9,095	46.60 %	(34,158)	(15,908)	-
The Company	MAP	Taiwan	Manufacturing	487,115	487,115	26,983	35.04 %	625,911	35.04 %	(56,767)	(22,498)	-
The Company	Ablytek	Taiwan	Manufacturing and sales solar mold	209,885	209,885	16,229	27.05 %	32,156	27.05 %	(78,483)	(21,229)	-
The Company	DAS	Taiwan	Setup of computer equipment and service of software	81,563	89,387	5,566	20.86 %	59,639	20.86 %	57,323	11,833	-
The Company	NPG	Samoa	Holding company	60,783	-	2,010	100.00 %	46,634	100.00 %	(10,806)	(13,393)	Note 1
The Company	GIT	Taiwan	Sale and retail of electricity product	5,000	-	500	100.00 %	5,789	100.00 %	789	789	〃
MAS	MAM	Malaysia	Manufacture and sale of hard disk drive components	333,937	333,937	60,000	100.00 %	1,959,245	100.00 %	(200,109)	(200,109)	〃
Synergy	MATC	Malaysia	Manufacture and sale of hard disk drive components	406,648	406,648	42,107	80.00 %	431,961	80.00 %	(52,755)	(42,204)	〃
Good Master	MUS	Singapore	Holding company	239,201	239,201	11,800	69.41 %	170,431	69.41 %	(105,177)	(73,003)	〃
MUS	MUM	Malaysia	Manufacture and sale of hard disk drive components	347,134	347,134	35,996	100.00 %	205,714	100.00 %	(107,934)	(107,934)	〃

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

MIN AIK TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Highest Percentage of ownership	Accumulated remittance of earnings in current period
					Outflow	Inflow							
MAY	Manufacturing sale of machinery components and customer service	400,857	Remittance from third-region company Synergy to invest in Mainland China	385,168	-	-	385,168	48,182	100.00%	48,182	365,673	100%	-
MAA	Manufacture and sale of automatic devices	60,485	Remittance from third-region company NPG to invest in Mainland China	-	60,485	-	60,485	(10,783)	100.00%	(10,783)	48,946	100%	-

Note 1: The investment income (loss) were based on financial statements audited by the auditor of the Company.

Note 2: Transactions within the Group were elminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
448,825	520,548	2,157,964

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in " Information on significant transactions".

(14) Segment information:

(a) General information

The Group identifies its operating segments based on the decision of the chief operating decision maker (CODM). The Group's operating segments are EMS (Electronics Manufacturing Service), Automatic Equipment Service, and Commerce Service. Except for EMS, the operating segments did not meet the quantitative threshold for individually reportable segments nor are they aggregated with other operating segments.

EMS' s main operating activities are designing and manufacturing consumer electronics end products. Those of Automatic Equipment Service are designing and manufacturing automatic machinery for industrial use. The main operating activity of Commerce Service is trading business. Since the strategy of each segment is different, it is necessary to separate them for management.

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Reportable segments and operating segment information

The Consolidated Company assessed performance of the segments based on the segments' profit, and the accounting policy of the segments is the same as that described in the summary of significant accounting policies.

The Group's segment financial information was as follows:

	For the years ended December 31, 2018			
	EMS	**Others**	**Adjustments and eliminations**	**Total**
External revenue	$ 6,429,277	356,986	-	6,786,263
Intra-group revenue	-	-	-	-
Total segment revenue	$ 6,429,277	356,986	-	6,786,263
Segment profit (loss)	$ (366,845)	(22,722)	-	(389,567)
Segment total assets				$ 6,475,947

	For the years ended December 31, 2017			
	EMS	**Others**	**Adjustments and eliminations**	**Total**
External revenue	$ 7,395,340	269,211	-	7,664,551
Intra-group revenue	-	-	-	-
Total segment revenue	$ 7,395,340	269,211	-	7,664,551
Segment profit	$ (64,855)	(10,302)	-	(75,157)
Segment total assets				$ 7,219,069

(c) Product and service information

The Group's product revenues from exterior clients were as follows:

Product	**2018**	**2017**
APFA	$ 2,196,859	3,234,654
VCM	1,559,956	1,619,187
COVER	854,325	838,008
EHD	812,032	691,939
CSA/RAMP	305,681	243,960
HDD	203,694	248,559
Others	853,716	788,244
	$ 6,786,263	7,664,551

(Continued)

MIN AIK TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Geographic information

The Group' s non-current assets are located in Asia, and its revenue from external clients by geographical location was as follows:

Geographic area	2018	2017
Thiland	$ 3,168,943	3,866,419
Malaysia	2,093,235	2,431,555
USA	940,432	756,750
Others	583,653	609,827
	$ 6,786,263	7,664,551

(e) Major customers

Sales to individual clients constituting over 10% of total revenue in 2018 and 2017 are summarized as follows:

	2018		2017	
	Revenue	Percentage of net sales	Revenue	Percentage of net sales
Western Digital (Thailand) Company	$ 2,480,493	37	3,497,504	46
Western Digital (M) Sdn. Bhd.	1,981,077	29	2,284,714	30
Hitachi Global Storage Technologies Inc. (USA)	810,037	12	701,861	9
	$ 5,271,607	78	6,484,079	85