ROO HSING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
31 DECEMBER 2017 AND 2016

Address: 13F-4, No.57, Fuxing N. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C)
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The reader is advised that consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

ROO HSING CO., LTD. AND SUBSIDIARIES

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REPRESENTATION LETTER

The entities included in the consolidated financial statements as of 31 December 2017 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as "Combined Financial Statements"). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of combined financial statements than the Consolidated Financial Statements.

Very truly yours,

Roo Hsing Co., Ltd.

Chairman: Shih-Hsiu, Chen

21 March 2018

<u>English Translation of a Report Originally Issued in Chinese</u>

Independent Auditors' Report

To Roo Hsing Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Roo Hsing Co., Ltd. and its subsidiaries (the "Group") as of 31 December 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2017 and 2016, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2017 and 2016, and their consolidated financial performance and cash flows for the years ended 31 December 2017 and 2016, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2017 consolidated financial statements. 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.

Revenue Recognition

The Group recognized operating revenues in the amount of NT$10,088,226 thousand in 2017. Due to over-centralization of a few customers, significant risks of the ownership of goods and timing of revenue transfer will impact revenue recognition. Therefore, the timing and accuracy of revenue recognition is a key audit matter when auditing the consolidated financial statements.

Our audit procedures included (but are not limited to): assess the appropriateness of the accounting policy for revenue recognition; evaluate the transaction process and perform tests of control on the effectiveness of control points; select samples from new customers and top 10 customers; reviewing differences between sales contract of new and general customers, review the journal entries before and after the balance sheet date to understand whether there is any significant or unusual transaction, recurring or material return of goods in subsequent period; perform gross margin and price-volume analysis according to revenue data classified based on product and customer types; select audit samples to perform trade testing and inspect the supporting documents, certificates and subsequent receipts to ensure sales revenue has been appropriately recognized and the recipient is the same person; select a period before and after the balance sheet date to perform sales cut off test and selecting revenue transactions to review related certificates and confirm proper cut off for revenue.

We also consider the appropriateness of the disclosure of operating revenue included in Notes 4 and 6 to the consolidated financial statements.

Business Combinations

The Group acquired 100% shares of JD United (BVI) Limited and Tooku Holdings Limited on 31 July 2017. The acquisition consideration of JD United (BVI) Limited and Tooku Holdings Limited was NT$ 10,860,839 thousand and NT$48,035 thousand, respectively; the fair value of the identifiable net assets acquired was NT$ 4,898,642 thousand and NT$13,258 thousand, respectively and the goodwill arising from the acquisition that included human resource was NT$5,992,345 thousand and non-controlling interest in the amount of NT$4,629 thousand. As the amount of the acquisition transaction was significant and involved measurement of fair value, therefore, business combinations is considered a key audit matter.

Our audit procedures included (but are not limited to): assess the prospective financial information used by management to measure fair value and compare with Roo Hsing Co., Ltd.'s historical financial information and the industry expectation of the market to evaluate the reasonableness; obtain the supporting document of share purchase agreement and the amortization report of acquisition consideration; use internal valuation specialists to assist us in evaluating the parameters and assumptions used in the amortization report provided by management; assess the reasonableness of the key assumptions and confirm whether the fair value of identifiable net asset fell within the reasonable range, to evaluate the reasonableness of the fair value of the net identifiable assets..

We also consider the appropriateness of the disclosure of business combinations included in Notes 4, 5, and 6 to the consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$356,753 thousand and NT$417,893 thousand, constituting 1% and 15% of consolidated total assets as of 31 December 2017 and 2016, respectively, and total operating revenues of NT$221,155 thousand and NT$218,906 thousand, constituting 2% and 8% of consolidated operating revenues for the years ended 31 December 2017 and 2016, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT$59,401 thousand and NT$67,198 thousand, representing 0% and 2% of consolidated total assets as of 31 December 2017 and 2016, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$(7,797) thousand and NT$(9,095) thousand, representing 2% and 3% of the consolidated net income before tax for the years ended 31 December 2017 and 2016, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$0 thousand and NT$(2) thousand, representing 0% and 0% of the consolidated other comprehensive income for the years ended 31 December 2017 and 2016, respectively.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 ability to continue as a going concern of the Group, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Group.

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 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 internal control of the Group.

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 ability to continue as a going concern of the Group. 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 accompanying notes, 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 2017 consolidated financial statements 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of Roo Hsing Co., Ltd. as of and for the years ended 31 December 2017 and 2016.

Hsu, Hsin-Min

Yang, Chih-Huei

Ernst & Young, Taiwan

21 March 2018

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ROO HSING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2017 and 31 December 2016
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		31 December 2017		**31 December 2016**	
		Amount	**%**	**Amount**	**%**
Current assets					
Cash and cash equivalents	4 and 6	$2,972,486	12	$139,488	5
Current financial assets at fair value through profit or loss	4, 5 and 6	-	-	430	-
Current investments in debt instrument without active market	6 and 8	1,150,314	5	112,751	4
Notes receivable, net	4 and 6	-	-	937	-
Accounts receivable, net	4 and 6	2,942,836	12	302,029	10
Other receivables		990,213	4	8,191	-
Other receivables due from related parties	7	101,423	-	-	-
Inventories	4 and 6	3,990,507	15	705,200	25
Prepayments	7	1,262,161	5	63,888	2
Non-current assets classified as held for sale, net	4	17,848	-	-	-
Other current assets		2,245	-	2,842	-
Total current assets		13,430,033	53	1,335,756	46
Non-current assets					
Non-current investments in debt instrument without active market	6, 7 and 8	170,000	1	643,381	23
Investments accounted for using equity method	4 and 6	59,401	-	67,198	2
Property, plant and equipment	4, 6 and 7	3,062,677	12	718,683	25
Intangible assets	4 and 6	8,175,923	33	3,433	-
Deferred tax assets	4, 5 and 6	1,169	-	254	-
Prepayments for business facilities		17,323	-	56,439	2
Guarantee deposits paid	7	226,513	1	33,060	1
Long-term accounts receivables due from related parties	4, 5, 6 and 7	34,428	-	20,828	1
Non-current prepayments for investments		4,487	-	-	-
Net defined benefit asset, non-current	6	-	-	424	-
Long-term prepaid rents		9,545	-	-	-
Total non-current assets		11,761,466	47	1,543,700	54
Total assets		$25,191,499	100	$2,879,456	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
ROO HSING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2017 and 31 December 2016
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		31 December 2017		31 December 2016	
		Amount	%	Amount	%
Current liabilities					
Short-term borrowings	6	$4,669,692	19	$526,121	18
Notes payable		164,186	1	5,855	-
Accounts payable		2,202,887	9	85,702	3
Other payables		820,793	3	153,481	6
Other payables to related parties	7	121,355	-	-	-
Current tax liabilities	4, 5 and 6	49,420	-	915	-
Current provisions	4 and 5	777	-	779	-
Other current liabilities		49,691	-	8,749	-
Bonds payable, current portion	4 and 6	727,381	3	-	-
Long-term borrowings, current portion	6	356,766	1	20,511	1
Long-term notes and accounts payable to related parties, current portion	5, 6 and 7	226,298	1	-	-
Current lease obligations payable	6	76,305	-	-	-
Total current liabilities		9,465,551	37	802,113	28
Non-current liabilities					
Bonds payable	4 and 6	-	-	825,444	29
Long-term borrowings	6	369,366	2	10,627	-
Deferred tax liabilities	4, 5 and 6	374,473	2	2,573	-
Non-current lease obligations payable	6	98,396	-	-	-
Long-term accounts payable to related parties	5, 6 and 7	1,556,664	6	-	-
Net defined benefit liability, non-current	6	4,742	-	-	-
Guarantee deposits received	7	2,388	-	830	-
Total non-current liabilities		2,406,029	10	839,474	29
Total liabilities		11,871,580	47	1,641,587	57
Equity attributable to owners of parent	4 and 6				
Share capital					
Ordinary share		8,523,931	34	1,523,931	53
Advance receipts for share capital		78,144	-	-	-
Total capital stock		8,602,075	34	1,523,931	53
Capital surplus					
Capital surplus, additional paid-in capital arising from ordinary share		6,309,262	25	289,194	10
Capital surplus, additional paid-in capital arising from bond conversion		127,737	-	71,883	2
Capital surplus, treasury share transactions		23,386	-	23,386	1
Capital surplus, changes in equity of associates and joint ventures accounted for using equity method		4,485	-	4,485	-
Capital surplus, share options		20,506	-	24,564	1
Capital surplus, others		8	-	-	-
Total capital surplus		6,485,384	25	413,512	14
Retained earnings					
Legal reserve		22,341	-	22,341	1
Accumulated deficit		(1,148,919)	(4)	(763,076)	(27)
Total retained earnings		(1,126,578)	(4)	(740,735)	(26)
Other equity interest		58,392	-	44,552	2
Treasury Shares		(689,562)	(2)	(3,391)	-
Non-controlling interests	6	(9,792)	-	-	-
Total equity		13,319,919	53	1,237,869	43
Total liabilities and equity		$25,191,499	100	$2,879,456	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ROO HSING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended 31 December 2017 and 2016

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

Item	Notes	For the Years Ended 31 December			
		2017		2016	
		Amount	%	Amount	%
Operating revenue	4, 5, 6 and 7	$10,088,226	100	$2,765,355	100
Operating costs	6 and 7	(8,913,070)	(88)	(2,650,650)	(96)
Gross profit from operations		1,175,156	12	114,705	4
Operating expenses	5, 6, 7 and 9				
Selling expenses		(514,707)	(5)	(107,447)	(4)
Administrative expenses		(831,649)	(8)	(240,569)	(9)
Research and development expenses		(3,835)	-	-	-
Total operating expenses		(1,350,191)	(13)	(348,016)	(13)
Net operating loss		(175,035)	(1)	(233,311)	(9)
Non-operating income and expenses	6 and 7				
Other income		95,163	1	23,338	1
Other gains and losses		(117,840)	(1)	(4,820)	-
Finance costs		(238,249)	(3)	(51,589)	(2)
Share of profit (loss) of associates and joint ventures accounted for using equity method		(7,797)	-	(9,095)	-
Total non-operating income and expenses		(268,723)	(3)	(42,166)	(1)
Loss before tax		(443,758)	(4)	(275,477)	(10)
Tax income (expense)	4, 5 and 6	57,036	1	(4,933)	-
Net loss		(386,722)	(3)	(280,410)	(10)
Other comprehensive income	4 and 6				
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans		(5,382)	-	(314)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		915	-	54	-
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		14,023	-	(4,130)	-
Unrealized gains (losses) on available-for-sale financial assets, associates and joint ventures accounted for using equity method		-	-	(2)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	8,279	-
Total other comprehensive income, net of tax		9,556	-	3,887	-
Total comprehensive income		$(377,166)	(3)	$(276,523)	(10)
Net loss attributable to:					
Owners of parent		$(381,376)		$(279,174)	
Non-controlling interests		(5,346)		(1,236)	
		$(386,722)		$(280,410)	
Comprehensive income attributable to:					
Owners of parent		$(372,003)		$(275,306)	
Non-controlling interests		(5,163)		(1,217)	
		$(377,166)		$(276,523)	
Earnings per share (NTD)	4 and 6				
Basic earnings per share		$(0.74)		$(1.94)	
Diluted earnings per share		$(0.74)		$(1.94)	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ROO HSING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended 31 December 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

Item	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT									Non-Controlling Interests	Total Equity
	Share Capital			Retained Earnings		Other equity interest					
	Ordinary share	Advance receipts for share capital	Capital surplus	Legal Reserve	Accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealized gain (losses) on available-for-sale financial assets	Treasury Shares	Total equity attributable to owners of parent		
Balance as of 1 January 2016	$1,367,675	$-	$284,384	$22,341	$(483,642)	$40,422	$2	$(90,815)	$1,140,367	$2,071	$1,142,438
Loss for the year ended 31 December 2016	-	-	-	-	(279,174)	-	-	-	(279,174)	(1,236)	(280,410)
Other comprehensive income for the year ended 31 December 2016	-	-	-	-	(260)	4,130	(2)	-	3,868	19	3,887
Total comprehensive income	-	-	-	-	(279,434)	4,130	(2)	-	(275,306)	(1,217)	(276,523)
Issue of shares	80,000	-	62,400	-	-	-	-	-	142,400	-	142,400
Conversion of convertible bonds	76,256	-	45,386	-	-	-	-	-	121,642	-	121,642
Disposal of subsidiaries accounted for using equity method	-	-	-	-	-	-	-	-	-	(854)	(854)
Share-based payments	-	-	21,259	-	-	-	-	-	21,259	-	21,259
Exercise of employee share options	-	-	83	-	-	-	-	87,424	87,507	-	87,507
Balance as of 31 December 2016	$1,523,931	$-	$413,512	$22,341	$(763,076)	$44,552	$-	$(3,391)	$1,237,869	$-	$1,237,869
Balance as of 1 January 2017	$1,523,931	$-	$413,512	$22,341	$(763,076)	$44,552	$-	$(3,391)	$1,237,869	$-	$1,237,869
Loss for the year ended 31 December 2017	-	-	-	-	(381,376)	-	-	-	(381,376)	(5,346)	(386,722)
Other comprehensive income for the year ended 31 December 2017	-	-	-	-	(4,467)	13,840	-	-	9,373	183	9,556
Total comprehensive income	-	-	-	-	(385,843)	13,840	-	-	(372,003)	(5,163)	(377,166)
Issue of shares	7,000,000	-	6,020,000	-	-	-	-	-	13,020,000	-	13,020,000
Conversion of convertible bonds	-	78,144	51,795	-	-	-	-	-	129,939	-	129,939
Purchase of treasury share	-	-	-	-	-	-	-	(686,171)	(686,171)	-	(686,171)
Share-based payments	-	-	77	-	-	-	-	-	77	-	77
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(4,629)	(4,629)
Balance as of 31 December 2017	$8,523,931	$78,144	$6,485,384	$22,341	$(1,148,919)	$58,392	$-	$(689,562)	$13,329,711	$(9,792)	$13,319,919

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

ROO HSING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

Item	2017 Amount	2016 Amount
Cash flows from operating activities:		
Loss before tax	$(443,758)	$(275,477)
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	197,799	57,428
Amortization expense	96,201	1,215
Provision for bad debt expense	873	-
Net loss on financial assets or liabilities at fair value through profit or loss	430	1,550
Interest expense	203,976	17,145
Amortization of discount on bonds payable	34,273	34,444
Interest income	(41,720)	(15,252)
Share-based payments	77	21,259
Share of loss of associates and joint ventures accounted for using equity method	7,797	9,095
Loss on disposal of property, plant and equipment	169	61
Gain on disposal of investment	-	(429)
Impairment loss on non-financial assets	25,381	-
Changes in operating assets and liabilities:		
Notes receivable, net	937	(937)
Accounts receivable, net	573,814	5,357
Other receivables	(294,336)	(8,191)
Other receivables due from related parties	145,242	-
Inventories	1,205,460	225,810
Prepayments	509,245	(28,528)
Other current assets	747	17,182
Net defined benefit assets, non-current	-	(245)
Notes payable	(10,910)	3,546
Accounts payable	(1,238,169)	(5,521)
Other payables	134,555	(4,775)
Other payables to related parties	(39,433)	-
Current provisions	-	(13)
Other current liabilities	(1,541)	2,856
Net defined benefit liabilities, non-current	(216)	-
Cash inflow generated from operations	1,066,893	57,580
Interest received	27,786	1,615
Interest paid	(111,814)	(16,233)
Income tax paid	(8,173)	(2,883)
Net cash flow from operating activities	974,692	40,079

Item	2017 Amount	2016 Amount
Cash flows from investing activities:		
Acquisition of investments in debt instrument without active market	(15,336,665)	(944,685)
Proceeds from repayments of investments in debt instrument without active market	15,038,674	659,501
Increase in prepayments for investments	(4,487)	-
Net cash flow from acquisition of subsidiaries	(8,597,844)	-
Proceeds from disposal of subsidiaries	-	1,010
Acquisition of property, plant and equipment	(682,679)	(175,661)
Proceeds from disposal of property, plant and equipment	24	273
Increase in guarantee deposits paid	(193,453)	(6,545)
Acquisition of intangible assets	(1,434)	(260)
Increase in prepayments for business facilities	(4,188)	(56,439)
Net cash used in investing activities	(9,782,052)	(522,806)
Cash flows from financing activities:		
Increase in short-term borrowings	9,422,852	1,326,619
Decrease in short-term borrowings	(9,994,484)	(1,254,325)
Proceeds from long-term borrowings	175,941	48,375
Repayments of long-term borrowings	(292,479)	(33,652)
Increase in guarantee deposits received	1,558	-
Decrease in guarantee deposits received	-	(1,463)
Decrease in lease payable	16,651	-
Proceeds from issuing shares	13,020,000	142,400
Exercise of employee share options	-	87,507
Payments to acquire treasury shares	(686,171)	-
Change in non-controlling interests	-	(854)
Net cash flow from financing activities	11,663,868	314,607
Effect of exchange rate changes on cash and cash equivalents	(23,510)	142
Net increase (decrease) in cash and cash equivalents	2,832,998	(167,978)
Cash and cash equivalents at beginning of year	139,488	307,466
Cash and cash equivalents at ending of year	$2,972,486	$139,488

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

1. History and organization

Roo Hsing Co., Ltd. (the "Company") was incorporated in the Republic of China (R.O.C.) on 23 November 1977. The Company is a garment manufacturing corporation and engages mainly in the manufacturing, processing, and trading of textiles and clothing.

Roo Hsing's common shares were publicly listed on Taipei exchange on December 16, 1999, and then listed on the Taiwan Stock Exchange on September 6, 2004. Roo Hsing's registered office and main operations base are located in 13F-4, No.57, Fuxing N. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C).

The shareholders meeting approved to change the name of the Group from "Roo Hsing Garment Co., Ltd." to "Roo Hsing Co., Ltd." on 20 June 2008. The change was registered on 30 July 2008.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries (the "Group") for the years ended 31 December 2017 and 2016 were authorized for issue in accordance with a resolution of the Board of Director's meeting on 21 March 2018.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission ("FSC") and became effective for annual periods beginning on or after 1 January 2017. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

IAS 36 "Impairment of Assets" (Amendment)

This amendments relate to the amendments issued in May 2011 and require entities to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit when an impairment loss has been recognized or reversed during the period. The amendments also require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed, including valuation techniques used, level of fair value hierarchy of assets and key assumptions used in measurement.

(2) Standards or interpretations issued, revised or amended, which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

(a) *IFRS 15 "Revenue from Contracts with Customers"*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The new Standard includes a cohesive set of disclosure requirements that would result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

(b) *IFRS 9"Financial Instruments"*

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9 *Financial Instruments* (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after 1 January 2018. Consequential amendments on the related disclosures also become effective for annual periods beginning on or after 1 January 2018.

(c) *IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

(d) *IAS 12"Income Taxes" — Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify how to account for deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after 1 January 2017.

(e) *Disclosure Initiative — Amendment to IAS 7 "Statement of Cash Flows":*

The amendments relate to changes in liabilities arising from financing activities and to require a reconciliation of the carrying amount of liabilities at the beginning and end of the period. The amendments are effective for annual periods beginning on or after 1 January 2017.

(f) *IFRS 15 "Revenue from Contracts with Customers" — Clarifications to IFRS 15*

The amendments clarify how to identify a performance obligation in a contract, determine whether an entity is a principal or an agent, and determine whether the revenue from granting a license should be recognized at a point in time or over time. The amendments are effective for annual periods beginning on or after 1 January 2018.

(g) *IFRS 2 "Shared-Based Payment" — Amendments to IFRS 2*

The amendments contain (1) clarifying that vesting conditions (service and non-market performance conditions), upon which satisfaction of a cash-settled share-based payment transaction is conditional, are not taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, these are taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction, (2) clarifying if tax laws or regulations require the employer to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment, such transactions will be classified in their entirety as equity-settled share-based payment transactions if they would have been so classified in the absence of the net share settlement feature, and (3) clarifying that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date and is recognized in equity, on the modification date, to the extent to which goods or services have been received. The liability for the cash-settled share-based payment transaction as at the modification date is derecognized on that date. Any difference between the carrying amount of the liability derecognized and the amount recognized in equity on the modification date is recognized immediately in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2018.

(h) *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — Amendments to IFRS 4*

The amendments help to resolve issues arising from the different effective dates for IFRS 9 "Financial Instruments" (1 January 2018) and the new insurance contracts standard about to be issued by the IASB (still to be decided, but not before 1 January 2020). The amendments allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 "Financial Instruments" before the IASB's new insurance contracts standard becomes effective. The amendments introduce two approaches: an overlay approach and a temporary exemption. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before the new insurance contracts standard is applied. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until 2021 (these entities that defer the application of IFRS 9 will continue to apply IAS 39).

(i) *Transfers of Investment Property — Amendments to IAS 40*

The amendments relate to the transfers of investment property. The amendments clarify that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use, the entity should transfer property into and out of investment property accordingly. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018.

(j) *Improvements to International Financial Reporting Standards (2014-2016 cycle)*:

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendments revise and amend transition requirements relating to certain standards and delete short-term exemptions under Appendix E for first-time adopter. The amendments are effective for annual periods beginning on or after 1 January 2018.

IFRS 12 "Disclosure of Interests in Other Entities"

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after 1 January 2017.

IAS 28"Investments in Associates and Joint Ventures"

The amendments clarify that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and other qualifying entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments" on an investment-by-investment basis. Besides, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after 1 January 2018.

(k) IFRIC 22 "*Foreign Currency Transactions and Advance Consideration*"

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018.

The abovementioned standards and interpretations issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2018. Apart from the potential impact of the standards and interpretations listed under (a), (b), (e) and (f) which is described below, all other standards and interpretations have no material impact on the Group:

(a) IFRS 15"Revenue from Contracts with Customers" (including Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers")

The Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (1 January 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group's principal activities consist of the sale of goods and rendering of services. The impacts arising from the adoption of IFRS 15 on the Group are summarized as follows:

A. The Group currently recognizes revenue from sale of goods based on the timing when significant risk and rewards of ownership are transferred to a customer, depending on the terms and conditions of the sales contracts or purchase orders, generally, before delivery, the goods are inspected by the buyer.

   The timing of recognition, as defined in IAS 18, is when the seller has transferred to the buyer the significant risks and rewards of ownership, when the amount of revenue and cost can be measured reliably, when it is probable to receive the promised consideration, and when the seller retains no continuing managerial involvement to the goods. The timing stated above was similar to the requirements of IFRS 15, which requires that the Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised good to a customer. We therefore evaluated that there was immaterial impact on revenue recognition from sale of goods.

B. The Group currently recognizes revenue when (or as) the Group satisfies a performance obligation by transferring a promised service to a customer. Starting from the date of initial application, in accordance with IFRS 15, said revenue has no impact on the Group's revenue recognition from rendering of services.

C. In accordance with IFRS 15, more disclosures would have to be fared.

(b) IFRS 9 "Financial Instruments"

The Group elects not to restate prior periods in accordance with the requirements of IFRS 9 at the date of initial application (1 January 2018). The adoption of IFRS 9 has the following impacts on the Group:

A. Classification and measurement of financial assets

   Impairment of financial assets

   This is applicable to financial assets not measured at fair value through profit or loss. In accordance with IFRS 9, a loss allowance for debt instruments is measured using the expected credit loss model, whereas trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 is measured using the simplified approach (provision matrix). The aforementioned requirements on impairment is different from the current incurred loss model and have no material impact on the Group.

B. Others

Consequential amendments on the related disclosures in IFRS 7 were also made as a result of the application of IFRS 9, which include the disclosure requirements related to the initial application of IFRS 9. Therefore more extensive disclosure would have to be fared.

(e) Disclosure Initiative — Amendment to IAS 7 “Statement of Cash Flows”

Additional disclosure of a reconciliation of the carrying amount of liabilities arising from financing activities at the beginning and end of the period would be required.

(3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group’s financial statements are listed below.

(a) *IFRS 16“Leases”*

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease. The Standard is effective for annual periods beginning on or after 1 January 2019.

(b) IFRIC 23 “*Uncertainty Over Income Tax Treatments*”

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after 1 January 2019.

(c) IFRS 17 “*Insurance Contracts*”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

A. estimates of future cash flows;
B. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
C. a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts. IFRS 17 is effective for annual periods beginning on or after 1 January 2021.

(d) *IAS 28"Investment in Associates and Joint Ventures" — Amendments to IAS 28*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28. The amendment is effective for annual reporting periods beginning on or after 1 January 2019.

(e) *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income. The amendment is effective for annual reporting periods beginning on or after 1 January 2019.

(f) *Improvements to International Financial Reporting Standards (2015-2017 cycle):*

IFRS 3 "Business Combinations"

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business. The amendments are effective for annual periods beginning on or after 1 January 2019.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. The amendments are effective for annual periods beginning on or after 1 January 2019.

IAS 12 "Income Taxes"

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The amendments are effective for annual periods beginning on or after 1 January 2019.

IAS 23 "Borrowing Costs"

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale. The amendments are effective for annual periods beginning on or after 1 January 2019.

(g) *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset. The amendments are effective for annual periods beginning on or after 1 January 2019.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a)~(b) and (d)~(f), it is not practicable to estimate their impact on the Group at this point in time. All other standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2017 and 2016 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) exposure, or rights, to variable returns from its involvement with the investee, and
(c) the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)		
Investor	Subsidiary	Main businesses	31 December 2017	31 December 2016	Note
The Company	Roo Hsing Garment Co., Ltd.	Garment processing	100%	100%	2
The Company	Roo Hsing Co. Nicaragua, S.A.	Garment processing	100%	100%	1
The Company	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Garment processing	100%	100%	1
The Company	Operadora Internacional de Zonas Francas (Managua), S.A.	Leasing plant and property	100%	100%	1
The Company	FAIN TEI ENTERPRISE GROUP LTD.(BVI)	Investment holding	100%	100%	3, 4, and 5
The Company	JD United (BVI) Limited	Investment holding	100%	-	7
The Company	Tooku Holdings Limited	Investment holding	100%	-	7
The Company	Roo Hsing Garment Manufacturing Co., Ltd.	Garment processing	100%	-	6
Roo Hsing Garment Co., Ltd.	Chen Tai Co., Ltd.	Garment processing and washing	100%	100%	
FAIN TEI ENTERPRISE Company LTD.(BVI)	Roo Hsing Shanghai Import & Export Co., Ltd.	Garment trading	100%	100%	3
FAIN TEI ENTERPRISE Company LTD.(BVI)	Hung Hsing Garment (Cambodia) Co., Ltd.	Garment processing	100%	-	4

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Investor	Subsidiary	Main businesses	Percentage of ownership (%) 31 December 2017	Percentage of ownership (%) 31 December 2016	Note
FAIN TEI ENTERPRISE Company LTD.(BVI)	S.H. United Co., Ltd.	Garment processing	100%	-	5
Roo Hsing Shanghai Import & Export Co., Ltd.	Hong Xing Fain Tei (Changzhou) Garments Co., Ltd.	Manufacturing	100%	-	9
JD United (BVI) Limited	JD United Manufacturing Corporation Limited	Investment holding and garment trading	100%	-	
Tooku Holdings Limited	Tooku Trading Corporation Limited	Garment trading	100%	-	
JD United Manufacturing Corporation Limited	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Textile trading	100%	-	
JD United Manufacturing Corporation Limited	OCT Holding Company Limited	Investment holding	100%	-	
JD United Manufacturing Corporation Limited	Nishiku Manufacturing Corporation Limited	Investment holding	100%	-	
JD United Manufacturing Corporation Limited	J.M. Bag & Case Manufacturing Corporation Limited	Investment holding and bag trading	70%	-	
JD United Manufacturing Corporation Limited	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd.	Garment processing	100%	-	
JD United Manufacturing Corporation Limited	Tooku Jan Garments Co., Ltd.	Garment processing	100%	-	
JD United Manufacturing Corporation Limited	Henan Kaowei Garments Corporation Limited	Garment processing	100%	-	8
JD United Manufacturing Corporation Limited	JD United Trading Corporation Limited	Garment trading	100%	-	
JD United Manufacturing Corporation Limited	GDM Enterprise Co., Ltd.	Manufacturing	100%	-	
JD United Manufacturing Corporation Limited	Nishiku Enterprise Co., Ltd.	Manufacturing	100%	-	
JD United Manufacturing Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	Manufacturing	100%	-	
JD United Manufacturing Corporation Limited	JD & Toyoshima Co., Ltd.	Manufacturing	66.67%	-	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

			Percentage of ownership (%)		
Investor	Subsidiary	Main businesses	31 December 2017	31 December 2016	Note
JD United Manufacturing Corporation Limited	Gowin Success Limited	Investment holding	100%	-	
JD United Manufacturing Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	Garment processing	100%	-	10
OCT Holding Company Limited	GDM Trading Company Limited	Investment holding	100%	-	
Nishiku Manufacturing Corporation Limited	South Bay Manufacturing Company Limited	Manufacturing	100%	-	
J.M. Bag & Case Manufacturing Corporation Limited	J.M. Bag & Case (Cambodia) Co., Ltd.	Manufacturing	100%	-	
Gowin Success Limited	JD United Manufacturing Pte. Limited	Investment holding	100%	-	
Gowin Success Limited	Suntex Textile Trading Corporation Limited	Textile trading	100%	-	
Gowin Success Limited	True Power Garment Corporation Ltd.	Manufacturing	100%	-	
Gowin Success Limited	Gowin Garments Corporation Limited	Investment holding	100%	-	
GDM Trading Company Limited	Changzhou Tooku Garments Co., Ltd.	Garment processing	100%	-	
JD United Manufacturing Pte. Limited	Zhen Tai Garment (Cambodia) Co., Ltd.	Manufacturing	100%	-	
JD United Manufacturing Pte. Limited	T & K Garment Industry Co., Ltd.	Manufacturing	100%	-	
JD United Manufacturing Pte. Limited	Splendid Chance International Ltd.	Manufacturing	100%	-	
JD United Manufacturing Pte. Limited	Great Union (Cambodia) Garment Co., Ltd.	Manufacturing	100%	-	
Gowin Garments Corporation Limited	Nagapeace Corporation Limited	Manufacturing	100%	-	
Changzhou Tooku Garments Co., Ltd.	Bai Cheng Shi Mei Da Garment Co., Ltd.	Manufacturing	100%	-	
Changzhou Tooku Garments Co., Ltd.	JD Shing Co., Ltd.	Garment trading	100%	-	
Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	Manufacturing	100%	-	

Note 1: The financial statements of certain subsidiaries in the same period, such as Roo Hsing Co. Nicaragua, S.A., ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V., and Operadora Internacional de Zonas Francas (Managua), S.A., were audited by other accountants.

Note 2: The Group's Board of Directors approved on 20 January 2016 to increase capital in the amount of US$6,000 thousand for Roo Hsing Garment Co., Ltd. (Cambodia). Conversion of credit into capital in the amount of US$4,000 thousand was made on 30 June 2016 and the capital increase registration was completed.

Note 3: The Group's Board of Directors approved on 3 June 2015 to increase capital in the amount of US$1,800 thousand for Roo Hsing Shanghai Import & Export Co., Ltd. through FAIN TEI ENTERPRISE COMPANY LTD. (BVI). The Group remitted US$200 thousand, US$100 thousand and US$1,500 thousand on 24 December 2015, 1 February 2016, and 7 September 2017, respectively. The paid-in capital increased from US$2,100 thousand to US$3,900 thousand and the number of shares issued increased from 2,100 thousand to 3,900 thousand.

Note 4: The Group's Board of Directors approved on 28 April 2016 to establish Hung Hsing Garment (Cambodia) Co., Ltd. through FAIN TEI ENTERPRISE COMPANY LTD.(BVI) in the amount of no more than US$6,000 thousand. The Group increased capital of FAIN TEI ENTERPRISE COMPANY LTD.(BVI) in the amount of US$1,500 thousand and US$2,500 thousand on 6 December 2017 and 26 December 2017, respectively. The paid-in capital increased from US$3,900 thousand to US$7,900 thousand, number of shares issued increased from 3,900 thousand to 7,900 thousand. FAIN TEI ENTERPRISE COMPANY LTD.(BVI) invested US$1,552,525 in Hung Hsing Garment (Cambodia) Co., Ltd.

Note 5: The Group's Board of Directors approved on 10 November 2017 to establish S.H. United Co., Ltd. (Myanmar) through FAIN TEI ENTERPRISE COMPANY LTD. (BVI). The Group prepaid investment in the amount of NT$ 4,488 thousand as of 31 December 2017.

Note 6: The Group's Board of Directors approved on 28 April 2016 to acquire Roo Hsing Garment Manufacturing Co., Ltd. (Myanmar) in the amount of no more than US$6,000 thousand. The acquisition was completed on 28 July 2017.

Note 7: The Group's Board of Directors approved on 9 September 2015 to acquire 100% shares of JD United (BVI) Limited and Tooku Holdings Limited. The acquisition was completed on 31 July 2017.

Note 8: The Group's Board of Directors approved on 10 November 2017 to established Henan Kaonwei Garments Corporation Limited through JD United Manufacturing Corporation Limited in the amount of no more than US$20,000 thousand. No capital has been paid as of 31 December 2017.

Note 9: The Group established Hong Xing Fain Tei (Changzhou) Garments Co., Ltd. on 25 October 2017 through Roo Hsing Shanghai Import & Export Co., Ltd. The authorized capital was RMB$3,350 thousand (approximately NT$ 15,259 thousand). The Group has not paid capital as of 31 December 2017.

Note 10: The Group established Paneffort (Cambodia) Garment Co., Ltd. on 30 October 2017 through JD United Manufacturing Corporation Limited. The authorized capital was US$1,000 thousand. The Group has not paid capital as of 31 December 2017.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

While preparing the Group consolidated financial statements, the assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The partial disposals are accounted for as disposals when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation and when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:
(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Group holds the asset primarily for the purpose of trading.
(c) The Group expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or 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.

All other assets are classified as non-current.

A liability is classified as current when:
(a) The Group expects to settle the liability in its normal operating cycle.
(b) The Group holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Group 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.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three month) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets

The Group accounts for regular way purchases or sales of financial assets are recognized and derecognized on the trade date.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

i significant financial difficulty of the issuer or obligor; or
ii. a breach of contract, such as a default or delinquency in interest or principal payments; or
iii. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
iv. the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss－measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss－is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired.
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
iii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(b) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IAS 39 *Financial Instruments: Recognition and Measurement*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

i. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
ii. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
iii. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

i. it eliminates or significantly reduces a measurement or recognition inconsistency; or
ii. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid is recognized in profit or loss.

If the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative financial instrument

The Group uses derivative financial instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability, or
(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Inventories are generally priced by the weighted average method.

Work in progress includes raw materials and supplies, direct labor, processing cost and a proportion of based on normal operating capacity, but not borrowing cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(12) Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(13) Investments accounted for using the equity method

The Group’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the net assets of the arrangement.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group’s related interest in the associate or joint venture.

When changes in the net assets of an associate or joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group’s percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Group’s interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional paid in capital and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS *36 Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss, furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

(14) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Buildings and structures	1~55 years
Machinery and equipment	1~8 years
Office and other equipment	1~50 years
Transportation equipment	4~10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(15) Leases

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Rental revenue generated from operating lease is recognized over the lease term using the straight line method. Contingent rents are recognized as revenue in the period in which they are earned.

(16) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

<u>Computer software</u>

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

<u>Customer relationship</u>

The cost of customer relationship is amortized on a straight-line basis over the estimated useful life (10 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software	Customer relationship
Useful lives	Finite	10 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(17) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

CGU, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the CGU (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(19) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(20) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

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

(a) the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

Rendering of services

The Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised service to a customer and also by reference to the stage of completion.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

(21) Borrowing costs

Borrowing costs that necessarily takes a substantial period of time to get ready for its intended used or sale are capitalized as part of the cost of the respective assets which are directly attributable to the acquisition, construction or production of assets. All other borrowing costs are expensed in the period they occurs. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(22) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

a. the date of the plan amendment or curtailment; and
b. the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(23) Share-based payment transactions

The cost of equity-settled transactions between the Group and employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

The Group recognized the amount paid to employees left in the vesting period as liability according to employee turnover rate, and recognized estimated final vesting amount as equity.

(24) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The 10% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders’ meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income taxes of subsidiaries according to local tax codes are as follows:

(a) The tax basis of Roo Hsing Garment Co., Ltd. (Cambodia) is the higher of 1% value-added tax on the total amount of goods sold or 9% income tax of taxable income according to local regulations. However, local government permitted exemption of 1% value-added tax on the total amount of goods sold until 2017.
(b) Roo Hsing Co. Nicaragua, S.A. and Operadora Internacional de Zonas Francas are established in the free trade zone in Nicaragua. Income taxes are exempted for 10 years (60% exempted since the 11^{th} year) from the establishment of the subsidiaries according to local laws.
(c) ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V. is established in the free trade zone in El Salvador. Income taxes are exempted according to local laws.
(d) Roo Hsing Shanghai Import & Export Co., Ltd. is subject to 25% income tax according to Income Tax Law of the People's Republic of China.

(25) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the CGU retained.

(26) Seasonality of operations

The Group's operation is seasonal in nature, as higher market demand for the Group's products in the second half of the year results in higher revenues in the second half of the year rather than in the first six months.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or CGU. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Inventories

Inventories are stated at the lower of cost or net realizable value item by item. Net realizable value is the selling price of goods sold in the last 3 months less selling expenses. Inventory obsolescence and loss of inventory write-down are disclosed in Note 6.

(d) Fair value measurement of contingent consideration

Contingent consideration, resulting from business combinations, is valued at the acquisition-date fair value as part of the business combination. Where the contingent consideration meets the definition of a derivative and thus financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

As part of the consideration transferred in the acquisition of JD United (BVI) Limited a contingent consideration has been recognized. As at the acquisition date, the fair value of the contingent considerations was estimated at NT$1,728,074 thousand. The contingent consideration at the reporting date has been remeasured to NT$1,782,962 thousand, and classified under other financial liabilities (Long-term accounts payable to related parties including ones that have matruity with in one year). Please refer to Note 6 and 7 for more details.

(e) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Please refer to Note 6 for more details.

(f) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

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(g) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Unrecognized deferred tax assets of the Group as of 31 December 2017 are disclosed in Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of 31 December	
	2017	2016
Cash on hand	$6,755	$694
Checking accounts and demand deposits	2,959,779	138,794
Time deposits	5,952	-
Total	$2,972,486	$139,488

Cash and cash equivalents were not pledged. Demand deposits restricted for use and time deposits pledged as collateral were reclassified as current investments in debt instrument without active market.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

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

	As of 31 December	
	2017	2016
Embedded derivatives	$-	$430

For the years ended 31 December 2017 and 2016, the Group recognized loss of designated financial assets at fair value through loss of NT$430 thousands and NT$1,550 thousands, respectively.

Please refer to Note 6(12) for the Group's fourth domestic secured convertible bonds payable related to embed derivatives financial asset.

(3) Current investments in debt instrument without active market

	As of 31 December	
	2017	2016
Demand deposits restricted for use	$825,586	$528,082
Time deposits	324,728	58,050
Preference share	170,000	170,000
Total	$1,320,314	$756,132
Current	$1,150,314	$112,751
Non-current	170,000	643,381
Total	$1,320,314	$756,132

Please refer to Note 8 for more details of the Group's current investments in debt instrument without active market pledged.

The Group acquired 17,000 thousand shares of C type preference share issued by a related party accounted for using the equity method on 22 June 2015. The face value is NT$10. The preference shares were issued at par for a total of NT$170,000 thousand. The C type preference shares are convertible.

The terms of issue of the C type preference share are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(a) The issuing company will recall all outstanding C type preference shares with a price of actual issuing price plus unpaid dividends in the seventh year from the date of issue.

(b) The dividend rate is stated as 8%. Dividends payable for the year and accumulated unpaid dividends should be paid first once there is net profit after paying income tax, covering accumulated deficit, and setting aside legal and special reserve. Except for receiving fixed preference share dividends mentioned above, preference share stockholders may not participate in the distribution of profit and capital surplus for ordinary shares.

(c) C type preference share stockholders can require the issuing company to recall the C type preference share, but the issuing company has the right to decline. The issuing company should recall the C type preference share with the original issuing price if it accepts the recall, but undistributed accumulated dividends will not be paid under such condition. 3.4 C type preference shares can be converted into one ordinary share.

For the years ended 31 December 2017 and 2016, the Group recognized interest income from preference shares in the amount of NT$13,600 thousand and NT$13,637 thousand, respectively.

(4) Notes receivable, net

	As of 31 December	
	2017	2016
Notes receivable arising from operating activities	$-	$937
Less: allowance for doubtful debts	-	-
Total	$-	$937

Notes receivable were not pledged.

(5) Accounts receivable, net

	As of 31 December	
	2017	2016
Accounts receivable	$3,081,206	$434,589
Less: allowance for doubtful debts	(138,370)	(132,560)
Total	$2,942,836	$302,029

Please refer to Note 8 for more details of accounts receivable pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Accounts receivable is generally on 30-90 day terms. The movements in the provision for impairment of accounts receivables are as follows (please refer to Note 12 for credit risk disclosure):

	Individually impaired	Collectively impaired	Total
As of 1 January 2017	$132,560	$-	$132,560
Acquisitions through business combinations	9,349	-	9,349
Charge/reversal for the current period	873	-	873
Write-off	(2,573)	-	(2,573)
Exchange differences	(1,839)	-	(1,839)
As of 31 December 2017	$138,370	$-	$138,370
As of 1 January 2016	$149,942	$-	$149,942
Charge/reversal for the current period	-	-	-
Write-off	(6,732)	-	(6,732)
Exchange differences	(10,650)	-	(10,650)
As of 31 December 2016	$132,560	$-	$132,560

Impairment loss that was individually determined for the years ended 31 December 2017 and 2016, arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the accounts receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such accounts receivables.

Aging analysis of accounts receivables that are past due as at the end of the reporting period but not impaired is as follows:

As of 31 December	Neither past due nor impaired	Past due but not impaired			
		<=90 days	91~180 days	>=181 days	Total
2017	$2,571,329	$327,214	$42,666	$1,627	$2,942,836
2016	260,013	39,022	2,809	185	302,029

(6) Inventories

	As of 31 December	
	2017	2016
Raw materials and supplies	$616,397	$59,007
Work in process	2,242,792	609,554
Finished goods	1,034,216	21,174
Merchandise	97,102	15,465
Total	$3,990,507	$705,200

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For the years ended 31 December 2017 and 2016, the Group recognized the cost of inventories in expense amounted to NT$8,913,070 thousand and NT$2,650,650 thousand, respectively, including gain on reversal of write-down of inventories NT$395,368 thousand and write-down of inventories NT$(111,449) thousand.

Gain on reversal of write-down of inventories are recognized due to the disposal of inventories previously written-down.

Inventories were not pledged.

(7) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As of 31 December			
	2017		2016	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Ten Win Business International Co., Ltd.	$59,401	30%	$67,198	30%

The Group’s investment in Ten Win Business International Co., Ltd. was not significant. The following table illustrates summarized financial information of the Group’s investment in the associate:

	For the years ended 31 December	
	2017	2016
Loss from continuing operations	$(7,797)	$(9,095)
Other comprehensive income (post-tax)	-	(2)
Total comprehensive income	$(7,797)	$(9,097)

(a) The loss and total comprehensive income of associate accounted for using the equity method for the years ended 31 December 2017 and 2016 are recognized from financial statements audited by other accountants.

(b) The associate mentioned above did not have contingent liabilities or capital promise, and did not provide guarantee as of 31 December 2017 and 2016.

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(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Office and other equipment	Transportation equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As of 1 January 2017	$266,574	$520,513	$636,898	$52,182	$12,342	$4,031	$1,492,540
Additions	-	88,171	363,689	26,289	6,079	198,451	682,679
Acquisitions through business combinations	-	91,134	1,443,160	1,256,198	54,631	85,417	2,930,540
Disposals	-	-	-	(727)	(805)	-	(1,532)
Transfers	(13,796)	16,767	134,135	87,833	-	(181,796)	43,143
Exchange differences	(13,011)	(39,156)	(35,363)	(16,417)	(824)	(2,894)	(107,665)
As of 31 December 2017	$239,767	$677,429	$2,542,519	$1,405,358	$71,423	$103,209	$5,039,705
As of 1 January 2016	$269,604	$579,379	$690,481	$68,900	$16,551	$-	$1,624,915
Additions	-	7,864	149,254	13,431	1,081	4,031	175,661
Disposals	-	(57,457)	(176,060)	(8,033)	(4,258)	-	(245,808)
Exchange differences	(3,030)	(8,605)	(8,720)	(597)	(205)	-	(21,157)
Proceeds from disposal of subsidiaries	-	(668)	(18,057)	(21,519)	(827)	-	(41,071)
As of 31 December 2016	$266,574	$520,513	$636,898	$52,182	$12,342	$4,031	$1,492,540
Depreciation and impairment:							
As of 1 January 2017	$9,962	$277,587	$442,843	$34,748	$8,717	$-	$773,857
Depreciation	-	20,756	133,887	42,731	425	-	197,799
Acquisitions through business combinations	-	38,407	623,129	401,841	33,958	-	1,097,335
Disposals	-	-	-	(535)	(804)	-	(1,339)
Transfers	-	(9,163)	(764)	(1,911)	-	-	(11,838)
Exchange differences	-	(19,029)	(56,954)	(1,403)	(1,400)	-	(78,786)
As of 31 December 2017	$9,962	$308,558	$1,142,141	$475,471	$40,896	$-	$1,977,028
As of 1 January 2016	$9,962	$319,011	$596,820	$48,076	$11,369	$-	$985,238
Depreciation	-	19,998	31,951	3,801	1,678	-	57,428
Disposals	-	(57,457)	(175,900)	(8,024)	(4,093)	-	(245,474)
Transfers	-	-	(1)	1	-	-	-
Exchange differences	-	(3,828)	(7,376)	(457)	(122)	-	(11,783)
Proceeds from disposal of subsidiaries	-	(137)	(2,651)	(8,649)	(115)	-	(11,552)
As of 31 December 2016	$9,962	$277,587	$442,843	$34,748	$8,717	$-	$773,857
Net carrying amount as of:							
31 December 2017	$229,805	$368,871	$1,400,378	$929,887	$30,527	$103,209	$3,062,677
31 December 2016	$256,612	$242,926	$194,055	$17,434	$3,625	$4,031	$718,683

Components of buildings of the Group are the main buildings and structure and decoration, which are depreciated over 45 - 50 years and 1 - 8years, respectively, depending on their useful lives.

There were no unrecognized impairment loss or gain on reversal of impairment loss for the years ended 31 December 2017 and 2016, respectively. Accumulated impairment amounted to NT$31,000 thousand as of 31 December 2017 and 2016.

To make better use of assets and improve its working capital, the Group disposed of property and plant in Junan on 9 August 2017. The assets were reclassified as non-current assets as held-for-sale and were not depreciated or amortized under IFRS 5.

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The Group elected to recognize cost of property, plant and equipment previously revaluated according to generally accepted accounting principles in ROC based on the revaluation surplus on the revaluation date. NT$7,573 thousand included in the land cost was the result of land revaluation surplus of the land price revaluated in 1996.

The value of the land the Group owned located in Cambodia amounted to US$1,370 thousand as of 31 December 2017 and 2016. The land could not be registered in the name of Roo Hsing Garment Co., Ltd. (Cambodia) yet because of local regulations in Cambodia, and was temporarily registered in the names of Jin-Cheng, Gan and Hsing-Hung, Chen. Both parties entered into a land trust agreement in 2007, specifying rights and obligations of both parties.

Please refer to Note 8 for more details on property, plant and equipment pledged.

(9) Intangible assets

	Computer software	Customer Relationship	Goodwill (including human recourses)	Total
Cost:				
As of 1 January 2017	$6,765	$-	$-	$6,765
Additions-acquired separately	1,434	-	-	1,434
Acquisitions through business combinations	14,834	2,264,245	6,017,726	8,296,805
Transfer	2,865	-	-	2,865
Exchange differences	219	-	-	219
As of 31 December 2017	$26,117	$2,264,245	$6,017,726	$8,308,088
As of 1 January 2016	$6,619	$-	$-	$6,619
Additions-acquired separately	260	-	-	260
Proceeds from disposal of subsidiaries	(114)	-	-	(114)
As of 31 December 2017	$6,765	$-	$-	$6,765
Amortization and impairment:				
As of 1 January 2017	$3,332	$-	$-	$3,332
Amortization	1,857	94,344	-	96,201
Acquired through business combinations	4,520	-	25,381	29,901
Transfer	2,675	-	-	2,675
Exchange differences	56	-	-	56
As of 31 December 2017	$12,440	$94,344	$25,381	$132,165
As of 1 January 2016	$2,164	$-	$-	$2,164
Amortization	1,215	-	-	1,215
Proceeds from disposal of subsidiaries	(47)	-	-	(47)
As of 31 December 2016	$3,332	$-	$-	$3,332
Net carrying amount as of 31 December				
2017	$13,677	$2,169,901	$5,992,345	$8,175,923
2016	$3,433	$-	$-	$3,433

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended 31 December	
	2017	2016
Operating expenses	$96,201	$1,215

(10) Impairment testing of goodwill and intangible assets with indefinite lives

The Company's goodwill allocated to each of CGU or groups of cash-generating units is expected to benefit from synergies of business combinations. Key assumptions used in impairment testing are as follows:

The recoverable amount of the CGU is determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from financial budgets approved by management covering a ten-year period. The projected cash flows reflect the change in demand for products. As a result of the analysis, the Company did not identify any impairment for the goodwill of NT$5,992,345 thousand.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

(a) Gross margin
(b) Discount rates
(c) Growth rate of sales of budget period

Gross margins – Gross margins are based on the gross margins of the latest fiscal year and future trend of the market.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Company, taking into account the particular situations of the Company and its operating segments. The WACC includes both the cost of liabilities and cost of equity. The cost of equity is derived from the expected returns of the Company's investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Company has obligation to settle.

Growth rate of sales estimates – The growth rate of sales were estimated by historical experience. The long-term average growth rate the Company predicted was adjusted by considering the product life cycle and the macroeconomic environment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of all cash-generating units, the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to materially exceed its recoverable amount.

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(11) Short-term borrowings

	Interest Rate (%)	As of 31 December 2017	As of 31 December 2016
Unsecured bank loans	1.70~5.40	$317,057	$139,000
Secured bank loans	3.03~6.85	3,916,170	84,576
Letter of credit	2.59~5.40	436,465	270,295
Other short-term borrowings	8.50	-	32,250
Total		$4,669,692	$526,121

The Group's unused short-term lines of credits amounted to NT$2,218,510 thousand and NT$346,474 thousand as of 31 December 2017 and 2016, respectively.

Please refer to Note 8 for more details on demand deposits, time deposits, land use rights, and property, plant and equipment pledged as part of security for short-term borrowings.

(12)Bonds payable

A. Details of bonds payable is as follows:

	As of 31 December 2017	As of 31 December 2016
Liability component:		
The fourth domestic secured convertible bond payable	$729,100	$859,600
Less: discounts on bonds payable	(1,719)	(34,156)
Non-derivative liability component	727,381	825,444
Less: current portion (Note 1)	(727,381)	-
Net	$-	$825,444
Embedded derivative	$-	$430
Non-derivative equity component (Note 2)	$20,506	$24,564

Note 1: Domestic secured convertible bond issued by the Company that could be converted or had maturity within one year were reclassified as current liabilities under the regulations of put option of bond holders in the terms of issue.

Note 2: Convertible option value which is recorded as additional paid-in capital-option.

B. The Company's Board of Directors approved on 5 December 2014 to issue the fourth domestic secured convertible bonds, which was issued on 23 January, 2015. The terms and conditions of the bonds are as follows:

a. Issue amount: NT$990,000 thousand, each with a face value of NT$100 thousand, issued based on 100% of par value.
b. Annual coupon rate: 0%
c. Issuing period: 23 January, 2015 ~ 23 January, 2018

d. Terms of conversion:

(a) Conversion period: The bonds are convertible at any time on or after the next day of one month after the issue date (24 February 2015) and prior to (23 January 2018.) The bonds can be converted to the Company's ordinary shares except (A) period that ordinary shares cannot be transferred under law, (B) from 15 business days before stop transferring date of stock dividend, cash dividend or capital increase to the record date (C) from record date of capital reduction to the day before new stocks start trading.

(b) Conversion price and adjustment: The conversion price was originally NT$17.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture as follows:

i. When the Company's ordinary shares increase not because securities containing conversion rights or warrants issued by the Company are converted into ordinary shares or because the Company issues shares due to employee bonus;
ii. When the Company pays cash dividends exceeding 1.5% of the stock price;
iii. When the Company reissue (or private placement) securities containing conversion rights of ordinary shares or warrants at a conversion price lower than the stock price;
vi. When ordinary shares are reduced not because of capital reduction due to retirement of treasury stock

As of 31 December 2017 and 2018, the conversion price was adjusted to NT$16.7 and NT$16.9 per share, respectively.

e. Redemption right of the Company

The Company will redeem the convertible bond at face value plus a yield rate of 1.51% from the next day of one month after issue of the bond to 40 days before end of period when:

(a) The Company's ordinary shares exceeds 30% of the conversion price for 30 consecutive business days;
(b) Value of the bonds outstanding is lower than 10% of face value.

C. The bonds amount already exchanged to NT$260,900 thousand and NT$130,400 thousand as of 31 December 2017 and 2016, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(13) Long-term borrowings

Details of long-term borrowings as of 31 December 2017 and 2016 are as follows:

Lenders	As of 31 December 2017	Interest Rate (%)	Maturity date and terms of repayment
TAICHUNG BANK LEASING CORPORATION LIMITED. Unsecured borrowings in a foreign currency (US$743 thousand)	$22,097	6.12	Repayable bimonthly from 5 May 2017 to 5 May 2019 and interest is paid monthly.
ROBINA FINANCE & LEASING CORP. Unsecured borrowings in a foreign currency (US$330 thousand)	9,806	4.25	Repayable monthly from 9 March 2016 to 9 March 2018 and interest is paid monthly.
Firestone Partners Unsecured borrowings in a foreign currency (US$400 thousand)	11,892	6.51	Repayable is paid from 3 January 2017 to 3 July 2018 and interest is paid monthly.
HSBC Secured borrowings in a foreign currency (US$2,948 thousand)	87,732	3.83	Repayable quarterly from 25 September 2014 to 30 September 2019 and interest is paid monthly.
HSBC Secured borrowings in a foreign currency (US$1,690 thousand)	50,294	3.81	Repayable quarterly from 3 November 2014 to 4 November 2019 and interest is paid monthly.
HSBC Secured borrowings in a foreign currency (US$2,640 thousand)	78,566	4.10	Repayable quarterly from 29 December 2015 to 29 October 2018 and interest is paid monthly since July 2016.
HSBC Secured borrowings in a foreign currency (US$6,300 thousand)	187,488	4.08	Repayable monthly from 25 November 2016 to 25 September 2019 and interest is paid monthly.
HSBC Secured borrowings in a foreign currency (US$9,000 thousand)	267,840	3.50	Repayable quarterly from 9 May 2017 to 9 May 2022 and interest is paid monthly.
Toyoshima And Co., Ltd. Secured borrowings in a foreign currency (US$350 thousand)	10,417	2.00	Repayable semiannually from 14 October, 2015 to 30 September 2022 interest is paid semiannually.
Subtotal	726,132		
Less: current portion	(356,766)		
Total	$369,366		

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Lenders	As of 31 December 2016	Interest rate (%)	Maturity date and terms of repayment
ROBINA FINANCE & LEASING CORP. Unsecured borrowings in a foreign currency (US$966 thousand)	$31,138	3.75	Repayable monthly from 9 March 2016 to 9 March 2018 and interest is paid monthly.
Less: current portion	(20,511)		
Total	$10,627		

Part of demand deposits and time deposits are pledged as collateral for secured bank borrowings, please refer to Note 8 form more details.

(14) Lease obligations payable

The Group has part of machinery finance leases. The leases contain purchase options. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	As of 31 December 2017	
	Minimum payments	Present value of payments
Not later than one year	$85,080	$76,305
Later than one year and not later than five years	103,090	98,396
Total minimum lease payments	188,170	174,701
Less: finance charges on finance lease	(13,769)	-
Exchange differences	300	-
Present value of minimum lease payments	$174,701	$174,701
Current	$85,080	$76,305
Non-current	$103,090	$98,396

(15) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions no less than 6% of the employee's monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2017 and 2016 are NT$36,681 thousand and NT$3,954 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor standards Act, The Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. At the end of each year, if the balance in the designated labor pension reserve funds is inadequate to cover the benefit estimated to be paid in the following year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March in the following year.

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the regulations for revenues, expenditures, safeguard and utilization of the labor retirement fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$222 thousand and NT$250 thousand to its defined benefit plan during the 12 months after 31 December 2017 and 2016, respectively.

The average duration of the defined benefits plan obligation as of 31 December 2017 and 2016 will expire on 2037.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2017	2016
Current period service costs	$(26)	$(62)
Interest income of net defined benefit assets	7	10
Total	$(19)	$(52)

Reconciliations of assets (liabilities) of the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	31 December 2017	31 December 2016	1 January 2016
Defined benefit obligation	$(6,790)	$(2,696)	$(4,046)
Plan assets at fair value	2,048	3,120	4,539
Other non-current (liabilities) assets－Net defined benefit (liabilities) assets on consolidated balance sheets	$(4,742)	$424	$493

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Fair value of plan assets	Net defined benefit (liabilities) assets
As of 1 January 2016	$(4,046)	$4,539	$493
Current period service cost	(62)	-	(62)
Net interest (expenses) income	(64)	74	10
Subtotal	(126)	74	(52)
Remeasurements of the net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(66)	-	(66)
Experience adjustments	(200)	(48)	(248)
Subtotal	(266)	(48)	(314)
Payment of benefit obligation	1,742	(1,742)	-
Contributions by employer	-	297	297
As of 31 December 2016	(2,696)	3,120	424
Current period service cost	(26)	-	(26)
Net interest (expenses) income	(37)	44	7
Subtotal	(63)	44	(19)
Remeasurements of the net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(41)	-	(41)
Experience adjustments	(5,323)	(18)	(5,341)
Subtotal	(5,364)	(18)	(5,382)
Payment of benefit obligation	1,333	(1,333)	-
Contributions by employer	-	235	235
As of 31 December 2017	$(6,790)	$2,048	$(4,742)

The principal assumptions used in determining the Company’s defined benefit plan are shown below:

	As of 31 December	
	2017	2016
Discount rate	1.15%	1.35%
Expected rate of salary increases	2.50%	2.50%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Sensitivity analysis for significant assumption are shown below:

	For the years ended 31 December			
	2017		2016	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increases by 0.5%	$-	$125	$-	$98
Discount rate decreases by 0.5%	132	-	103	-
Future salary increases by 0.5%	114	-	88	-
Future salary decreases by 0.5%	-	109	-	84

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(16) Equities

(a) Ordinary share

The Company’s authorized capital were NT$9,900,000 thousand and NT$1,600,000 thousand as of 31 December 2017 and 2016, respectively. The Company’s issued capital was NT$8,523,931 thousand and NT$1,523,931 thousand as of 31 December 2017 and 2016, respectively, each at a par value of NT$10. The company has issued 852,393 thousand ordinary shares and 152,393 thousand ordinary shares as of 31 December 2017 and 2016, respectively. Each share has one voting right and a right to receive dividends.

The Company’s Board of Directors approved a resolution to raise NT$ 80,000 thousand, issuing 8,000 thousand ordinary shares, each at a par value of NT$10, by private placement on 24 June 2016. The record date was 30 June 2016. The shares were issued at NT$17.8 per share. Relevant regulators’ approvals have been obtained and related registration processes have been completed.

The Company's Board of Directors approved a resolution to raise NT$ 7,000,000 thousand, issuing 700,000 thousand ordinary shares, each at a par value of NT$10, by private placement on 7 February 2017. The record date was 19 June 2017. The shares were issued at NT$18.6 per share. Relevant regulators' approvals have been obtained and related registration processes have been completed.

The fourth issue of domestic secured convertible bonds of the Company had been converted by bond holders into 7,814 thousand shares and 7,626 thousand ordinary shares during the year ended 31 December 2017 and 2016, respectively. As a result, the capital increased by NT$78,144 thousand and NT$76,256 thousand, respectively. As of 31 December 2017, there are still 7,814 ordinary shares amounted to NT$78,144 thousand, that have not been approved by the relevant authority which was accounted for as advance receipts for share capital.

(b) Capital surplus

According to the Company Act, the capital reserve shall not be used except for marking good the deficit of the company. When a company incurs no loss, it may distribute the capital surplus reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Treasury shares

Resolved by the Company's Board of Directors, the Company bought back 6,000 thousand shares and transferred them to employees to inspire employees on 11 August 2015. The buyback was approved by Financial Supervisory Commission on 15 September 2015. The shares were transferred to employees in three years from the date of the buyback.

Resolved by the Company's Board of Directors, the Company transferred 2,000 shares of treasury shares to employees on 20 January, 2016. Transfer price was NT$15.15 per share. Closing price on the date before the date of the Board of Directors was NT$17.25. Actual share option was 1,891 thousand shares, the expenses recognized for share-based payment plans was NT$3,971 thousand.

Resolved by the Company's Board of Directors, the Company transferred 4,109 shares of treasury shares to employees on 12 August, 2016. Transfer price was NT$15.15 per share. Closing price on the date before the date of the Board of Directors was NT$19.60. Actual share option was 3,885 thousand shares, the expenses recognized for share-based payment plans was NT$17,288 thousand.

Resolved by the Company's Board of Directors, the Company bought back 40,000 thousand shares and transferred them to employees to inspire employees from 30 August 2017 to 19 October 2017. The shares and amount were 33,687 thousand shares and NT$686,171 thousand, respectively. The shares were transferred to employees in three years from the date of the buyback.

As of 31 December 2017 and 2016 the treasury shares held by the Company was NT$689,562 thousand and NT$ 3,391 thousand, respectively, and the number of treasury shares held by the Company was 33,911 thousand ordinary shares and 224 thousand ordinary shares, respectively.

(d) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

i. Payment of all taxes and dues;
ii. Offset prior years operation losses;
iii. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
iv. Set aside or reverse special reserve in accordance with law and regulations; and
v. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholder's meeting.

The dividend policy of the Company shall be determined pursuant to factors such as the investment environment, its funding requirements, domestic and overseas competitive landscape and its capital expenditure forecast, as well as stockholders' interest, balancing dividends and the Company's long-term financial planning. The Board of Directors shall propose the distribution plan and submit it to the stockholders' meeting every year. Cash dividends shall not exceed 50% of total dividends.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

The Board of Directors' meeting and general shareholders' meeting approved and resolved the appropriation of profit or loss on 21 March 2018 and 30 June 2017, respectively. Retained earnings were not distributed because the Company were at an accumulative loss.

Please refer to Note 6(19) for more details of employees' compensation and remuneration to directors and supervisors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(e) Non-controlling interests

	For the years ended 31 December	
	2017	2016
Beginning balance	$-	$2,071
Acquisition through business combinations	(4,629)	-
Losses attributable to non-controlling interests	(5,346)	(1,236)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	183	19
Disposal of a subsidiary	-	(854)
Ending balance	$(9,792)	$-

(17) Operating revenue

	For the years ended 31 December	
	2017	2016
Sale of goods	$5,914,707	$2,718,393
Less: sales returns, discounts and allowances	(5,215)	(7,213)
Service revenue	495	-
Processing fees revenue	1,070,799	1,031
Washing revenue	3,100,816	49,094
Other operating revenues	6,624	4,050
Total	$10,088,226	$2,765,355

(18) Operating leases

(a) Operating lease commitments - Group as lessee

The Group has entered into commercial leases on office and equipment. These leases have an average life of one to six years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases. Future minimum rentals payable under non-cancellable operating leases as of 31 December 2017 and 2016 are as follows:

	As of 31 December	
	2017	2016
Not later than one year	$248,489	$25,796
Later than one year and not later than five years	423,529	65,543
Later than five years	33,165	-
Total	$705,183	$91,339

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Operating lease expenses recognized are as follows:

	For the years ended 31 December	
	2017	2016
Minimum lease payments	$60,383	$25,490

(b) Operating lease commitments - Group as lessor

The Group has entered into commercial leases on office. The remaining life was between one to two years. All leases include terms of rent adjustment based on market conditions every year.

Based on non-cancellable lease contracts, future minimum rentals payable for lessee as of 31 December 2017 and 2016 are as follows:

	As of 31 December	
	2017	2016
Not later than one year	$8,814	$205
Later than one year and not later than five years	8,700	76
Total	$17,514	$281

Contingent rent recognized as income amounted to NT$2,818 thousand and NT$229 thousand for the years ended 31 December 2017 and 2016, respectively.

(19) Summary statement of employee benefits, depreciation and amortization expense by function during the years ended 31 December 2017 and 2016:

	For the year ended 31 December					
	2017			2016		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expenses						
Salaries	$1,719,658	$357,195	$2,076,853	$594,312	$120,317	$714,629
Labor and health insurance	58,095	25,130	83,225	29,731	10,794	40,525
Pension	17,709	18,991	36,700	630	3,376	4,006
Other employee benefits expenses	80,029	14,104	94,133	34,492	9,036	43,528
Depreciation	174,994	22,805	197,799	47,043	10,385	57,428
Amortization	-	96,201	96,201	-	1,215	1,215

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

According to the Group's Articles of Incorporation, no lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors. However, accumulated losses shall have been covered. The Group may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the Taiwan Stock Exchange Corporation ("TWSE").

The Group incurred net loss for the year ended 31 December 2017, so the Group did not need to estimate employee bonuses and remuneration to directors. The Board of Directors resolved not to distribute employee bonuses and remuneration to directors on 21 March 2018. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, will recognize the change as an adjustment to income of next year.

There was no difference between actual amount of employee bonuses and remuneration to directors and the amount recognized as expenses on the financial report for the year ended 31 December 2016.

(20) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2017	2016
Rental income	$2,818	$229
Interest income	41,720	15,252
Others	38,209	7,857
Government grant income	12,416	-
Total	$95,163	$23,338

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(b) Other gains and losses

	For the years ended 31 December	
	2017	2016
Losses on disposal of property, plant and equipment	$(169)	$(61)
Gains on disposal of investments	-	429
Foreign exchange losses, net	(43,769)	(3,605)
Losses on financial assets at fair value through profit or loss	(430)	(1,550)
Impairment losses	(25,381)	-
Others	(48,091)	(33)
Total	$(117,840)	$(4,820)

(c) Finance costs

	For the years ended 31 December	
	2017	2016
Interest on borrowings from bank	$109,072	$17,145
Interest on bonds payable	34,273	34,444
Interest for finance leases	13,769	-
Amortization expenses on contingent consideration	81,135	-
Total	$238,249	$51,589

(21) Components of other comprehensive income

For the year ended 31 December 2017

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$(5,382)	$-	$(5,382)	$915	$(4,467)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	14,023	-	14,023	-	14,023
Total of other comprehensive income	$8,641	$-	$8,641	$915	$9,556

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

For the year ended 31 December 2016

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$(314)	$-	$(314)	$54	$(260)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(3,856)	(274)	(4,130)	8,279	4,149
Unrealized gains (losses) from available-for-sale financial assets held by associates and joint ventures accounted for using the equity method	(2)	-	(2)	-	(2)
Total of other comprehensive income	$(4,172)	$(274)	$(4,446)	$8,333	$3,887

(22) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended 31 December	
	2017	2016
Current income tax expense:		
Current income tax charge	$19,190	$2,773
Adjustments in respect of current income tax of prior periods	-	9
Deferred tax (income) expense:		
Deferred tax (income) expense related to origination and reversal of temporary differences	(76,226)	2,151
Total income tax (income) expense	$(57,036)	$4,933

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2017	2016
Deferred tax expense		
Remeasurements of defined benefit pension plans	$915	$54
Exchange differences resulting from translating the financial statements of foreign operations	-	8,279
Income tax relating to components of other comprehensive income	$915	$8,333

(b) A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended 31 December	
	2017	2016
Accounting loss before tax from continuing operations	$(443,758)	$(275,477)
Tax at the domestic rates applicable to profits in the country concerned	$(75,439)	$(46,831)
Tax effect of revenues exempt from taxation	(46,490)	(1,706)
Tax effect of expenses not deductible for tax purposes	50,104	27,472
Tax effect of deferred tax assets/liabilities	(41,190)	23,301
Effect of different tax rates applicable to the Company and it subsidiaries	55,751	1,544
Adjustments in respect of current income tax of prior periods	-	9
Others	228	1,144
Total income tax expense recognized in profit or loss	$(57,036)	$4,933

(c) Deferred tax assets (liabilities) relate to the following:

	As of 31 December 2017				
	Beginning balance as of 1 January 2017	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition through business combinations	Ending balance as of 31 December 2017
Temporary differences					
Remeasurements of defined benefit plans	$254	$-	$915	$-	$1,169
Unrealized foreign exchange losses (gains)	(923)	(513)	-	-	(1,436)
Land value increment tax	(1,650)	-	-	-	(1,650)
Fair value adjustments from business combinations	-	76,739	-	(448,126)	(371,383)
Deferred tax income / (expense)		$76,226	$915		
Net deferred tax assets (liabilities)	$(2,319)				$(373,304)
Reflected in balance sheet as follows:					
Deferred tax assets	$254				$1,169
Deferred tax liabilities	$(2,573)				$(374,473)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	As of 31 December 2016			
	Beginning balance as of 1 January 2016	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of 31 December 2016
Temporary differences				
Exchange differences resulting from translating the financial statements of foreign operations	$(8,279)	$-	$8,279	$-
Remeasurements of defined benefit plans	200	-	54	254
Unrealized foreign exchange losses (gains)	1,228	(2,151)	-	(923)
Land value increment tax	(1,650)	-	-	(1,650)
Deferred tax income / (expense)		$(2,151)	$8,333	
Net deferred tax assets (liabilities)	$(8,501)			$(2,319)
Reflected in balance sheet as follows:				
Deferred tax assets	$1,428			$254
Deferred tax liabilities	$(9,929)			$(2,573)

(d) The information of the unused tax loss carry-forward is as follows:

		Unused tax losses As of 31 December		
Year	Tax losses for the period	2017	2016	Expiration year
2015	$255,761	$255,761	$255,761	2025
2016	57,053	57,053	57,053	2026
2017	589,073	589,073	-	2027
		$901,887	$312,814	

Unrecognized deferred tax assets

As of 31 December 2017 and 2016, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amounted to NT$159,457 thousand and NT$ 123,908 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

With respect to potential income tax payable when remitting the undistributed earnings of overseas subsidiaries, the Group did not recognize any related deferred tax liabilities as most of the overseas subsidiaries had accumulated deficit and Tooku Trading Corporation Limited will not distribute undistributed earnings in the foreseeable future.

(e) Integrated income tax information

	As of 31 December	
	2017	2016
Balance of the imputation credit account	$67,662	$67,662

The actual creditable ratios for the year ended 31 December 2016 was 0%. For the year ended 31 December 2016, imputation credit ratio for individual stockholders residing in R.O.C. is half of the original ratio according to Article 66-6 of Income Tax Act. On 18 January 2018, the Legislative Yuan passed amendments to the Income Tax Act that the imputation credit ratio will no longer be used. And on 7 February 2018, the president announced to abolish part of the Integrated Income Tax System. The expected creditable ratios for the year ended 31 December 2017 no longer applied.

(f) The assessment of income tax returns

As of 31 December 2017, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2015

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2017	2016
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$(381,376)	$(279,174)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	518,719	143,995
Basic earnings per share (NT$)	$(0.74)	$(1.94)

	For the years ended 31 December	
	2017	2016
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$(381,376)	$(279,174)
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$(381,376)	$(279,174)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	518,719	143,995
Effect of dilution:		
Net loss for the period are not included in the calculation of anti-dilutive effect		
Weighted average number of ordinary shares outstanding after dilution (in thousands)	518,719	143,995
Diluted earnings per share (NT$)	$(0.74)	$(1.94)

The conversion of 4th domestic secured convertible bonds will affect the calculation of outstanding dilutive potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(24)Business combinations

Acquisition of JD United (BVI) Limited

Approved at the interim shareholders meeting on 29 October 2015, the Company acquired 100% voting shares of JD United (BVI) Limited (JDU) with a cash consideration of NT$9,183,006 thousand (US$302,409 thousand). The acquisition was settled and registered on 31 July 2017. Established in the British Virgin Islands, JDU is a non-listed company specializing in the investment of denim manufacturing. The Company acquired JDU mainly to improve profitability by expanding manufacturing scale and integrating global supply chain. The Company could benefit from the acquisition because of JDU’s strong designing and manufacturing ability.

The Company has measured the non-controlling interest of JDU at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

The fair values of the identifiable assets and liabilities of JDU as of the acquisition date are as follows:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	$617,159
Current investments in debt instrument without active market	270,297
Accounts receivable, net	3,068,451
Other receivables	685,086
Other receivables due from related parties	246,665
Inventories	4,490,767
Prepayments	1,701,955
Property, plant and equipment	1,794,187
Intangible assets	2,274,559
Prepayments for business facilities	39,108
Long-term prepaid rents	9,620
	15,197,854
Liabilities	
Short-term borrowings	(4,711,856)
Notes payable	(169,241)
Accounts payable	(3,315,341)
Other payables	(443,490)
Other payables to related parties	(160,788)
Current tax liabilities	(37,337)
Other current liabilities	(42,483)
Long-term borrowings, current portion	(325,073)
Current lease obligations payable	(84,586)
Long-term borrowings	(500,897)
Deferred tax liabilities	(448,126)
Non-current lease obligations payable	(59,994)
	(10,299,212)
Fair value of identifiable net assets	$4,898,642

Goodwill of JDU is as follows:	
Acquisition consideration	$10,860,839
Add: non-controlling interests (0% of identifiable net assets at fair value)	(4,629)
Less: identifiable net assets at fair value	(4,898,642)
Goodwill	$5,957,568

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

The fair value and the total contract amount of the trade receivables amounted to NT$3,068,451 thousand. None of the trade receivables have been impaired and it is expected that the full contract amount can be collected.

From 31 July 2017 to 31 December 2017, JDU generated revenue in the amount of NT$6,736,910 thousand and net profit before tax in the amount of NT$293,994 thousand. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT$18,975,569 thousand and the loss from continuing operations for the Group would have been NT$42,113 thousand.

Acquisition consideration

Transaction costs attributable to cash paid	$9,183,006
Contingent consideration Liabilities (Recognized as Long-term accounts payable to related parties)	1,728,074
Exchange differences	(50,241)
Total consideration	$10,860,839

Analysis cash flows on acquisition:	
Net cash acquired with the subsidiary	$617,159
Transaction costs attributable to cash paid	(9,183,006)
Net cash flow on acquisition	$(8,565,847)

The identifiable net assets recognized in the financial statements as of 31 December 2017 was estimated from tentative fair value. The Company has sought individual evaluation of net assets, but the conclusion has not been reached as of the date of the financial statement issued. Adjustments may be made when the final evaluation report is issued.

Contingent considerations

As part of the purchase agreement with the previous owner of JDU, a contingent consideration has been agreed. There will be additional cash payments due to the previous owner of JDU under the following circumstances:

US$12,600 thousand for the first five years from the year when the acquisition is closed and US$13,000 thousand for the sixth year will be paid if the performances are met. The Company will pay the total contingent consideration retained if total net profit for the six years meets the target agreed upon by both parties. However, if total net profits for the six years do not meet the target agreed upon by both parties, the Company does not need to pay part or all of the amount retained.

Expressed in thousands of USD

	For the years ended					
	2017	2018	2019	2020	2021	2022
Net income	$20,266	$24,472	$26,982	$29,589	$31,883	$37,555

As of the acquisition date, the fair value of the contingent consideration was estimated at NT$ 1,728,074 thousand. The fair value is determined using the DCF method.

Significant unobservable valuation inputs are provided below:

Assumed probability-adjusted profit before tax of JDU	US$ 20,266 thousand-US$ 37,555 thousand
Discount rate	9.8%
Discount for own non-performance risk	0%

Significant increase (decrease) in the profit after tax of JDU would result in higher (lower) fair value of the contingent consideration liability, while significant increase (decrease) in the discount rate and its own non-performance risk would result in lower (higher) fair value of the liability. When the discount rate increases (decreases) by 1%, the profit after tax of the Group would decrease/increase by NT$65,429 thousand.

As at 31 December 2017, the key performance indicators of JDU showed that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realized. The fair value of the contingent consideration determined as at 31 December 2017 reflected this development, amongst other factors and a re-measurement charge has been recognized through profit or loss.

A reconciliation of fair value measurement of the contingent consideration liability is provided below:

1 January 2017	$-
Liability arising on business combination (31 July 2017)	1,728,074
Unrealized fair value changes recognized in profit or loss	81,135
Exchange differences	(26,247)
31 December 2017	$1,782,962
Current	$226,298
Non-current	1,556,664
Total	$1,782,962

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

The fair value of contingent consideration liability increased due to exchange differences. The contingent consideration liability was due as a result of the final measurement and payment to the former shareholders on 31 December 2022.

Acquisition of Tooku Holdings Limited

Approved at the interim shareholders meeting on 29 October 2015, the Company acquired 100% of the voting shares of Tooku Holdings Limited (Tooku) with a cash consideration in the amount of NT$48,299 thousand (US$1,591 thousand). The acquisition was closed and completed registration on 31 July 2017. Established in the British Virgin Islands, Tooku is a non-listed company specializing in the investment of denim manufacturing. The Company acquired Tooku mainly to improve profitability by expanding manufacturing scale and integrating global supply chain. The Company could benefit from the acquisition because of Tooku's strong designing and manufacturing ability.

The fair values of the identifiable assets and liabilities of Tooku as of the acquisition date are as follows:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	$19,096
Accounts receivable, net	142,946
	162,042
Liabilities	
Short-term borrowings	(86,312)
Other payables	(62,472)
	(148,784)
Fair value of identifiable net assets	$13,258

Goodwill of Tooku is as follows:

Acquisition consideration	$48,299
Less: identifiable net assets at fair value	(13,258)
Exchange difference	(264)
Goodwill	$34,777

The fair value and the total contract amount of the trade receivables amounted to NT$142,946 thousand. None of the trade receivables have been impaired and it is expected that the full contract amount can be collected.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

From 31 July 2017, the acquisition date, to 31 December 2017, Tooku has contributed NT$393,964 thousand of revenue and NT$2,448 thousand of net profit before tax to the Company. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT$11,023,048 thousand and the loss from continuing operations for the Group would have been NT$373,855 thousand.

Analysis cash flows on acquisition:	
Net cash acquired with the subsidiary	$19,096
Transaction costs attributable to cash paid	(48,299)
Net cash flow on acquisition	$(29,203)

The identifiable net assets recognized in the financial statements as of 31 December 2017 was estimated from tentative fair value. The Company has sought individual evaluation of net assets, but no conclusion has been reached as of the date the financial statement was issued. Adjustments may be made when a final evaluation report is issued.

Acquisition of Roo Hsing Garment Manufacturing Co., Ltd. (Myanmar)

The Company acquired 100% of the voting shares of Roo Hsing Garment Manufacturing Co., Ltd. (Myanmar) (“Roo Hsing Myanmar”) on 28 July 2017. Established in Myanmar, Roo Hsing Myanmar is a non-listed company specializing in garment processing. The Company acquired Roo Hsing Myanmar mainly to accelerate the manufacturing process, as acquiring an existing factory was faster than building one.

The fair values of the identifiable assets and liabilities of Roo Hsing Myanmar as of the acquisition date are as follows:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	$2,036
Accounts receivable, net	2,258
Other receivables	2,266
Prepayments	5,488
Property, plant and equipment	39,018
	51,066
Liabilities	
Accounts payable	(40,013)
Other payables	(31,604)
	(71,617)
Fair value of identifiable net assets	$(20,551)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Goodwill of Roo Hsing Myanmar is as follows:

Acquisition consideration	$4,830
Less: identifiable net assets at fair value	20,551
Goodwill	25,381
Less: Impairment loss	(25,381)
	$-

Analysis cash flows on acquisition:	
Net cash acquired with the subsidiary	$2,036
Transaction costs attributable to cash paid	(4,830)
Net cash flow on acquisition	$(2,794)

The fair value and the total contract amount of the trade receivables amounted to NT$2,258 thousand. None of the trade receivables have been impaired and it is expected that the full contract amount can be collected.

From 28 July 2017, the acquisition date, to 31 December 2017, Roo Hsing Myanmar has contributed NT$2,484 thousand of revenue and NT$12,117 thousand of net loss before tax to the Company. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT$10,193,798 thousand and the loss from continuing operations for the Group would have been NT$385,979 thousand.

The net assets recognized in the financial statements as of 31 December 2017 were evaluated based on book value.

7. Related party transactions

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Ten Win Business International Co., Ltd.	Associate
Jilin Province Textiles Imp. & Exp. Co., Ltd	Substantive related party
Xingtai Garment (CAMBODIA) Co., Ltd	Substantive related party
JD United Holdings Limited	Substantive related party

Name of the related parties	Nature of relationship of the related parties
Bai Cheng Shi Mei Da Garment Co., Ltd.	Substantive related party
Wei Hao Investment Limited	Director of the Group
Prosperity Investment Limited	Director of the Group
SUMODA CO., LTD.	Key management with the Group
HNY Investment Co., Ltd.	Key management with the Group
TCN Investment Co., Ltd.	Key management with the Group
Best Superstar International Co. Ltd.	Substantive related party (the relationship was lost in May, 2016)
Mr. Chen, Shih-Hsiu	President of the Group
Mr. Sun, Yang	CEO of the Group
Mr. Chen, Hsing-Hung	Substantive related party
Mr. Chen, Chi-Ping	Director of the Group
Mr. Yang, Ying-Tsu	CEO of a subsidiary of the Group

(1) Sales

	For the years ended 31 December	
	2017	2016
Associates	$18	$18

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection terms from the related party customers are comparable with third party customers.

(2) Purchases

	For the years ended 31 December	
	2017	2016
Other related parties	$43,564	$86,208

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(3) Rent income

	For the years ended 31 December	
	2017	2016
Associates	$19	$-
Other related parties		
Wei Hao Investment Ltd.	114	115
Heng Hsig Li Feng Ltd.	69	114
Xing Niu Investment Co., Ltd.	23	-
Zijin Niu Investment Co., Ltd.	23	-
Total	$248	$229

Rent income from related parties are collected monthly based on the market rates.

(4) Other Operating expenses paid to related parties:

	For the years ended 31 December	
	2017	2016
Associates		
Rental expense	$38	$85
Other expenses	18	-
Total	$56	$85

Rent expense to related parties are paid monthly based on the market rates.

(5) Interest income

	For the years ended 31 December	
	2017	2016
Associates	$13,600	$13,637

(6) Other receivables due from related parties

	As of 31 December	
	2017	2016
Key management of the Group	$4,448	$-
Other related parties		
Hing Tai Garment Co., Ltd	66,422	-
Jilin Province Textiles Imp. & Exp. Co., Ltd	30,553	-
Total	$101,423	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(7) Prepayments

	As of 31 December	
	2017	2016
Other related parties	$6,008	$3,160

(8) Non-current investments in debt instrument without active market

	As of 31 December	
	2017	2016
Associates	$170,000	$170,000

(9) Guarantee deposits paid

	As of 31 December	
	2017	2016
Associates	$-	$38

(10) Long-term accounts receivable due from related parties

	As of 31 December	
	2017	2016
Associates	$34,428	$20,828

(11) Amounts owed to related parties (recognized as other payables to related parties)

	For the years ended 31 December 2017			
	Maximum balance	Ending balance	Interest rate	Interest payable
JD United Holdings Limited	$119,040	$119,040	5.000%	$2,315

(12) Long-term accounts payable to related parties (include current portion)

	As of 31 December	
	2017	2016
JD United Holdings Limited	$1,782,962	$-

Please refer to Note 6(24) for more information about transactions with other related parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(13) Guarantee deposits received

	As of 31 December	
	2017	2016
Associates	$40	$-
Other related parties		
Wei Hao Investment Ltd.	20	20
Heng Hsig Li Feng Ltd.	8	20
Others	12	-
Total	$80	$40

(14) The Companys entrustment of holding shares in a subsidiaries is as follows:

	As of 31 December			
	2017		2016	
ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Mr. Chen, Chi-Ping	1 shares	Mr. Chen, Chi-Ping	1 shares
Roo Hsing Co. Nicaragua, S.A.	Mr. Chen, Chi-Ping	9 shares	Mr. Chen, Chi-Ping	9 shares
	Mr. Yang, Ying-Tsu	1 shares	Mr. Yang, Ying-Tsu	1 shares
Operadora Internacional de Zonas Francas (Managua), S.A.	Mr. Chen, Chi-Ping	23 shares	Mr. Chen, Chi-Ping	23 shares
	Mr. Yang, Ying-Tsu	1 shares	Mr. Yang, Ying-Tsu	1 shares

(15) Key management personnel compensation

	For the years ended 31 December	
	2017	2016
Short-term employee benefits	$31,569	$21,161
Share-based payment	-	7,235
Total	$31,569	$28,396

(16) The Company purchased office equipment from associate for the year ended 31 December 2017. The purchase price amounted to NT$273 thousand.

(17) The president of the Group is the co-guarantor of bank borrowings held by the Group.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(18) The associate provided its land of NT$ 343,967 thousand as collateral for bank borrowings held by the Group.

(19) Please refer to Attachment 2 for more information about endorsement and guarantee provided to related parties.

8. Assets pledged as security

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

	Carrying amount		
Items	31 December 2017	31 December 2016	Secured liabilities
Current investments in debt instrument without active market (reserve account and time deposits)	$1,150,314	$586,132	Short-term borrowings, customs duty guarantee and Bonds payable
Accounts receivable	1,705,538	-	Short-term borrowings
Property, plant and equipment－land	10,532	98,063	Bonds payable
Property, plant and equipment－buildings	23,926	11,519	Bonds payable
Long-term prepaid rents (land use rights)	9,783	-	Short-term borrowings
Total	$2,900,093	$695,714	

The Company provided shares of subsidiaries, including Roo Hsing Garment Co., Ltd. (Cambodia), Roo Hsing Co. Nicaragua, S.A., ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V., Operadora Internacional de Zonas Francas (Managua), S.A., and FAIN TEI ENTERPRISE COMPANY LTD.(BVI), as collateral for bonds payable as of 31 December 2017 and 2016.

9. Commitments and contingencies

Amounts available under unused letters of credit as of 31 December 2017, and 2016 are NT$23,276 thousand and NT$35,341 thousand, respectively.

Guarantee notes issued as collateral for subsidiary are NT$26,500 thousand as of 31 December 2017.

10. Loss due to major disasters

None.

11. Significant subsequent events

(1) On 11 January 2018, the Group's Board of Directors approved to acquire 100% voting shares of Galaxy Explorer Limited and Great Hope Holdings Limited from Wise Trinity Capital Company Limited for US$23,929 thousand. The share purchase agreement was signed on 23 January 2018. The Company may notify Wise Trinity Capital in writing to terminate the agreement if the acquisition is not closed before 30 April 2018.

(2) On 26 February 2018, the Group's Board of Directors approved to acquire 100% voting shares of Sparkling Asia Limited and Keen Power Investments Limited from Max Fame Investment Limited and Luxury Star International Limited for US$7,539 thousand and US$42,370 thousand, respectively. The share purchase agreement was signed on 27 February 2018. The acquisition was closed on 6 March 2018. After the acquisition, the Company indirectly held 53.41% shares of Chuwa Wool Industry Co., (Taiwan) Ltd.

(3) On 26 February 2018, the Group's Board of Directors approved to increase capital of Changzhou Tooku Garments Co., Ltd. and Changzhou Guangzhou Manchuria Trading Co., Ltd. through JD United (BVI) Limited. The capital increased shall not exceed US$5,000 thousand.

(4) On 18 January 2018, the Legislative Yuan passed amendments to the Income Tax Act. The amendments raised the corporate income tax rate for companies from 17% to 20%. After the change of the tax rate, the deferred tax assets and deferred tax liabilities will increase by NT$206 thousand and NT$66,083 thousand, respectively.

(5) To build a sound financial structure and improve future profitability and book value per share, the Board of Directors approved on 21 March 2018 to reduce capital in the amount of NT$1,137,528 thousand to cover accumulated deficit as of 31 December 2017. The capital reduction will reduce 113,753 thousand ordinary shares outstanding.

(6) The Group established Roo Hsing Global Co., Ltd. on 12 March 2018. The paid-in capital is NT$20,000 thousand, each at a par value of NT$10, divided into 2,000 thousand ordinary shares. The Group's Board of Directors approved on 21 March 2018 capital contributions made with all the equities of Sparkling Asia Limited and Keen Power Investments Limited.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

12. Others

(1) Categories of financial instruments

	As of 31 December	
	2017	2016
Financial assets		
Financial assets at fair value through profit or loss:		
Held for trading	$-	$430
Loans and receivables:		
Cash and cash equivalents (exclude cash on hand)	2,965,731	138,794
Investments in debt instrument without active market	1,320,314	756,132
Notes receivable	-	937
Accounts receivable (include related parties)	2,942,836	302,029
Other receivables (include related parties)	1,091,636	8,191
Guarantee deposits paid	226,513	33,060
Long-term accounts receivables due from related parties	34,428	20,828
Subtotal	8,581,458	1,259,971
Total	$8,581,458	$1,260,401

	As of 31 December	
	2017	2016
Financial liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$4,669,692	$526,121
Notes payable	164,186	5,855
Accounts payable	2,202,887	85,702
Other payables (include related parties)	942,148	153,481
Bonds payable (include current portion)	727,381	825,444
Long-term borrowings (include current portion)	726,132	31,138
Lease obligations payable	174,701	-
Guarantee deposits received	2,388	830
Subtotal	9,609,515	1,628,571
Financial liabilities at fair value through profit or loss:		
Contingent considerations arising in business combinations	1,782,962	-
(Long-term accounts payable to related parties include current portion)		
Total	$11,392,477	$1,628,571

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group’s profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group’s foreign currency risk is mainly related to the volatility in the exchange rates for US dollars. The information of the sensitivity analysis is as follows:

(a) When NTD strengthens/weakens against USD by 1%, the profits for the years ended 31 December 2017 and 2016 are increased/decreased by NT$17,352 thousand and NT$103 thousand, respectively.

(b) When NTD strengthens/weakens against CNY by 1%, the profits for the years ended 31 December 2017 and 2016 are increased/decreased by NT$13,275 thousand and NT$498 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profits for the years ended 31 December 2017 and 2016 to decrease/increase by NT$127 thousand and NT$13 thousand, respectively.

(5) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of 31 December 2017 and 2016, amounts receivables from top ten customers represent 71% and 60% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(6) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of 31 December 2017					
Short-term borrowings	$4,815,728	$-	$-	$-	$4,815,728
Notes payable	164,186	-	-	-	164,186
Accounts payable	2,202,887	-	-	-	2,202,887
Other payables (include related parties)	942,148	-	-	-	942,148
Convertible bonds	739,883	-	-	-	739,883
Current provisions	777	-	-	-	777
Long-term borrowings	369,818	279,140	102,519	-	751,477
Long-term accounts payable to related parties	374,976	749,952	749,952	386,880	2,261,760

As of 31 December 2016

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Short-term borrowings	$535,128	$-	$-	$-	$535,128
Notes payable	5,855	-	-	-	5,855
Accounts payable (include related parties)	85,702	-	-	-	85,702
Other payables (include related parties)	153,481	-	-	-	153,481
Convertible bonds	-	867,986	-	-	867,986
Current provisions	779	-	-	-	779
Long-term borrowings	21,363	11,110	-	-	32,473

The table above contains the undiscounted net cash flows of derivative financial instruments.

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

Other than cash and cash equivalents, accounts receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group’s financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amount as of 31 December	
	2017	2016
Financial liabilities		
Bonds payable	$727,381	$825,444
Long-term accounts payable to related parties (include current portion)	1,782,962	-

	Fair value as of 31 December	
	2017	2016
Financial liabilities		
Bonds payable	$872,322	$865,015
Long-term accounts payable to related parties (include current portion)	1,782,962	-

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(7) Derivative financial instruments

The Group's derivative financial instruments include embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of 31 December 2017 and 2016 is as follows:

Embedded derivatives

The Group's embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

	As of 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Financial assets at fair value through profit or loss				
Embedded derivatives	$-	$-	$-	$-

	As of 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Financial assets at fair value through profit or loss				
Embedded derivatives	$-	$-	$430	$430

Transfer between Level 1 and Level 2 during the period

During the years ended 31 December 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	At fair value through profit or loss
	Derivatives
Beginning balances as of 1 January, 2017	$430
Total profits and losses recognized for the year ended 31 December 2017:	
Amount recognized in profit or loss (presented in "other profit or loss")	(221)
The bonds already exchanged for the year ended 31 December 2017	(209)
Ending balances as of 31 December 2017	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

	At fair value through profit or loss
	Derivatives
Beginning balances as of 1 January, 2016	$1,980
Issue of convertible bonds for the year ended 31 December 2016	(1,287)
Total profits and losses recognized for the year ended 31 December 2016:	
Amount recognized in profit or loss (presented in "other profit or loss")	(263)
Ending balances as of 31 December 2016	$430

Total profits and losses recognized in profit or loss for the years ended 31 December 2017 and 2016 in the table above contain losses related to assets on hand in the amount of NT$221 thousand and NT$1,287 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of 31 December 2017

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Embedded derivatives	Binomial tree pricing model	Volatility	29.37%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT$0 thousand and NT$0 thousand, respectively

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

As of 31 December 2016

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
At fair value through profit or loss					
Embedded derivatives	Binomial tree pricing model	Volatility	40.97%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT$172 thousand and NT$258 thousand, respectively

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

	As of 31 December 2017			
	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables	$-	$872,322	$-	$872,322
Long-term accounts payable	-	-	1,782,962	1,782,962
	$-	$872,322	$1,782,962	$2,655,284

	As of 31 December 2016			
	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables	$-	$865,015	$-	$865,015

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(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(Unit: Foreign currency: thousands, NTD: thousands)

	As of 31 December 2017		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$127,956	29.76	$3,807,971
CNY	165,691	4.57	757,208
Financial liabilities			
Monetary items:			
USD	$186,262	29.76	$5,543,157
CNY	456,173	4.57	2,084,711

	As of 31 December 2016		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$15,974	32.25	$515,162
CNY	4,534	4.62	20,947
Financial liabilities			
Monetary items:			
USD	$16,294	32.25	$525,482
CNY	15,322	4.62	70,788

The above information is disclosed based on the carrying amount of foreign currency (after conversion of functional currency).

For the years ended 31 December 2017 and 2016, foreign exchange losses were NT$43,769 thousand and NT$3,605 thousand, respectively. The above information about foreign exchange gains or losses on monetary financial assets and liabilities includes realized and unrealized net foreign exchange gains or losses.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(10) The Group's subsidiary, Roo Hsing Shanghai Import & Export Co., Ltd., is unable to collect accounts receivable in the amount of CNY28,402 thousand due from Suzhou Rui Bi De Trade Co., Ltd. ("Suzhou Rui Bi De") and claims of NT$47,467 thousand guaranteed by Wang, Jiong-Lie, the president of Suzhou Rui Bi De. The Group has applied for a ruling in Taiwan YunLin District Court with one of the promissory notes guaranteed by Wang, Jiong-Lie. The amount of the promissory note was NT$18,960 thousand. The Group has acquired the court's final verdict. The Group will take similar actions for other promissory notes and hire local lawyers and asset management firms to protect the rights of the Group.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital by reviewing debt ratio periodically. The debt ratio is as follows:

	As of 31 December	
	2017	2016
Total liabilities	$11,871,580	$1,641,587
Total assets	$25,191,499	$2,879,456
Debt ratio	47%	57%

13. Additional disclosure

(1) Information at significant transactions

a. Financing provided to other: Please refer to Attachment 1.
b. Endorsement/Guarantee provided to others: Please refer to Attachment 2.
c. Securities held as of 31 December 2017 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.
d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$100 million and 20 percent of the capital stock: Please refer to Attachment 4.
e. Acquisition of individual real estate with amount exceeding the lower of NT$100 million and 20 percent of the capital stock: None.

f. Disposal of individual real estate with amount exceeding the lower of NT$100 million and 20 percent of the capital stock: None.
g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of the capital stock: Please refer to Attachment 5.
h. Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock: Please refer to Attachment 6.
i. Financial instruments and derivative transactions: None.
j. Others: Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions: Please refer to Attachment 7.

(2) Information on investees

Names, locations, main businesses, total amount of paid-in capital, percentage of ownership, net income and investment income recognized of investees (excluding investment in Mainland China): Please refer to Attachment 8.

(3) Information on investments in mainland China

a. Names, main businesses and products, total amount of paid-in capital, method of investment, accumulated outflow of investment from Taiwan, percentage of ownership, investment income recognized, carrying amount, accumulated inward remittance of earnings, and upper limit on investment of investees in Mainland China: Please refer to Attachment 9.
b. Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1 and 2.

14. Segment information

(1) Major revenues of the Group come from manufacturing and selling garments. The Group operates in a single industry. Decision makers distribute resources and evaluate segment performances based on factories with similar characteristics. Each factory makes similar products by similar process, and sells products in a centralized manner, so the Group is aggregated into a single segment. The evaluation basis of segment information provided to decision makers is identical to that of the financial statements, so segment financial conditions and operational results for the years ended 31 December 2017 and 2016 can be referred to the consolidated financial statements for the years ended 31 December 2017 and 2016.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

(2) Geographical information

Revenue from external customers:

	For the years ended 31 December	
	2017	2016
America	$4,939,592	$1,295,141
Asia	2,721,491	786,628
Europe	2,388,140	664,182
Others	39,003	19,404
Total	$10,088,226	$2,765,355

The revenue information above is based on the location of the customer.

Non-current assets:

	As of 31 December	
	2017	2016
Taiwan	$8,262,624	$175,249
Cambodia	2,029,526	289,894
Nicaragua	13,979	191,097
El Salvatore	104,987	121,355
Managua	152,403	-
China	434,069	-
Myanmar	84,840	-
Tanzania	173,713	-
Others	9,327	1,384
Total	$11,265,468	$778,979

Non-current assets do not include financial instruments and deferred tax assets.

(3) Information about major customers

	For the years ended 31 December	
	2017	2016
Customer A from Taiwan	$573,867	$868,822
Customer A from China	2,537,945	-
Customer B from Taiwan	1,049,991	832,931
Customer C from China	852,254	-
Customer D from China	729,213	-
Customer E from China	579,227	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 1 (Financing provided to others for the year ended 31 December 2017)

No. (Note 1)	Name of financing provider	Name of counter party	Account	Related party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing activity	Amont of sales to (purchase from) counter-party	Reason for financing	Allowance for doubtful accounts	Assets pledged		Limit of financing amount for individual counter-party	Limit of total financing amount	(Note)
													Item	Value			
0	Roo Hsing Co., Ltd.	Roo Hsing Co. Nicaragua, S.A.	Other receivable	Y	$10,000	$10,000	$-	-	Note 4 (2)	$-	Operating	$-	None	$-	$4,665,399	$5,331,884	(Note 7)
0	Roo Hsing Co., Ltd.	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Other receivable	Y	10,000	10,000	-	-	Note 4 (2)	-	Operating	-	None	-	4,665,399	5,331,884	(Note 7)
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd. (Cambodia)	Other receivable	Y	59,520	59,520	-	-	Note 4 (2)	-	Operating	-	None	-	4,665,399	5,331,884	(Note 7)
0	Roo Hsing Co., Ltd.	Roo Hsing Shanghai Import & Export Co., Ltd.	Other receivable	Y	50,000	20,000	8,000	2.589%	Note 4 (2)	-	Operating	-	None	-	4,665,399	5,331,884	(Note 7)
0	Roo Hsing Co., Ltd.	J.D. United Trading Co., Ltd.	Other receivable	Y	386,880	386,880	386,880	4.076%-4.129%	Note 4 (2)	-	Operating	-	None	-	4,665,399	5,331,884	(Note 7)
1	Roo Hsing Garment Co., Ltd. (Cambodia)	Roo Hsing Shanghai Import & Export Co., Ltd.	Other receivable	Y	89,280	29,760	29,760	-	Note 4 (2)	-	Operating	-	None	-	136,089	136,089	(Note 8)
2	Roo Hsing Co. Nicaragua, S.A.	Roo Hsing Garment Co., Ltd. (Cambodia)	Other receivable	Y	14,880	14,880	4,464	-	Note 4 (2)	-	Operating	-	None	-	185,385	185,385	(Note 8)
2	Roo Hsing Co. Nicaragua, S.A.	South Bay Manufacturing Company Limited	Other receivable	Y	14,880	14,880	5,952	3.998%	Note 4 (2)	-	Operating	-	None	-	185,385	185,385	(Note 8)
3	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	Roo Hsing Garment Co., Ltd. (Cambodia)	Other receivable	Y	8,928	8,928	8,630	-	Note 4 (2)	-	Operating	-	None	-	458,373	458,373	(Note 8)
4	Operadora Internacional de Zonas Francas (Managua), S.A.	Roo Hsing Garment Co., Ltd. (Cambodia)	Other receivable	Y	5,952	5,952	5,654	-	Note 4 (2)	-	Operating	-	None	-	515,484	515,484	(Note 8)
5	Changzhou Tooku Garments Co., Ltd.	Changzhou Dongteng International Trade Co., Ltd.	Other receivable	N	125,904	125,904	125,904	-	Note 4 (1)	320,141	Operating	-	None	-	21,764	407,771	(Note 8)
6	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Dongteng International Trade Co., Ltd.	Other receivable	N	123,465	123,465	123,465	-	Note 4 (1)	-	Operating	-	None	-	-	227,582	(Note 8)
7	T & K Garment Industry Co., Ltd.	SL Garment Processing (Cambodia) Ltd.	Other receivable	N	131,361	131,361	131,361	8.59%	Note 4 (1)	-	Operating	-	Machinery and equipment	94,291	-	482,565	(Note 8)
8	GDM Enterprise Co., Ltd.	SL Garment Processing (Cambodia) Ltd.	Other receivable	N	198,340	198,340	198,340	-	Note 4 (1)	284,452	Operating	-	None	-	-	-	(Note 8)

Note 1: The parent company and its subsidiaries are coded as follows:
1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Fill in if the nature of financial statement account is financing provided, such as account receivable－association, account receivable－related party, due from shareholders, prepared expense, and temporary payment.

Note 3: The maximum financing amount for the year.

Note 4: 1. Financing amount is the transaction amount between lender and the counter-party for the current year.
2. The need for short-term financing shall be specified.

Note 5: Shall fill in the procedure, limit amount,the total limit amount,and describe the calculation.

Note 6: If public companies propose financing provided to others to the Board of Directors under the Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, they should still state ending balances approved by the Board of Directors to disclose the risk taken. When the capital is repaid, the amount of repayment should be disclosed to reflect the adjusted risk. If public companies authorize the director to revolve credit under certain limit approved by the Board of Directors, limit approved by the Board of Directors should still be stated. Even though capital is repaid, limit approved by the Board of Directors should still be stated since the company may lend again.

Note 7: The financing amount of any single entities shall not exceed 35% net worth of the lender, the total financing amount shall not exceed 40% net worth of the lender.

Note 8: The total financing amount of its subsidiary and the limit amount for any single entities are as follows:
(1) The total financing amount exclusive from the follows, the rest which include operation and short-term financing need shall not exceed 40% net worth of the lender.
(2) The financing amount shall not exceed the operation amount between the lender and the counter-party for companies with transaction with Changzhou Dongteng International Trade Co., Ltd. Operation amount is the higher of sales or purchases between counter-parties. The financing amount shall not exceed 40% net worth of the Company or 10% net worth of Changzhou Dongteng International Trade Co., Ltd.
(3) The financing amount shall not exceed the operation amount between the lender and the counter-party for companies with transaction with companies other than Changzhou Dongteng International Trade Co., Ltd. Operation amount is the higher of sales or purchases between counter-parties. The financing amount shall not exceed 35% net worth of the Company.
(4) The financing amount shall not exceed 3 times net worth of the lender if it has directly or indirectly hold 100% share of its oversea subsidiaries.

Note 9：The above transactions were offset as consolidated financial statements were created.

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ATTACHMENT 2 (Endorsement/Guarantee provided to others for the year ended 31 December 2017)

No. (Note 1)	Name of endorsers	Endorsee: Name of endorsees	Endorsee: Relationship (Note 2)	Endorsement limit for a single entity (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the lastest financial statement	Limit of total guarantee/endorsement amount (Note 3)	Guarantee provided by Parent Company (Note 7)	Guarantee provided by A Subsidiary (Note 7)	Guarantee provided to Subsidiaries in Mainland China (Note 7)
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd. (Cambodia)	2	$3,998,913	$282,720	$208,320	$38,230	$-	1.56%	$6,664,855	Y	N	N
0	Roo Hsing Co., Ltd.	Roo Hsing Shanghai Import & Export Co., Ltd.	3	3,998,913	114,250	-	-	-	-	6,664,855	Y	N	Y
1	Changzhou Tooku Garments Co., Ltd.	Changzhou Southeast Dyeing Co., Ltd.	1	305,828	18,280	18,280	18,280	-	1.79%	509,714	N	N	Y
1	Changzhou Tooku Garments Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	305,828	114,250	114,250	1,384	-	11.21%	509,714	N	N	Y
1	Changzhou Tooku Garments Co., Ltd.	JD United Manufacturing Corporation Limited	3	305,828	3,156,048	2,677,791	2,400,602	-	262.68%	509,714	N	N	N
1	Changzhou Tooku Garments Co., Ltd.	J.D.United Trading Co., Ltd.	3	305,828	3,156,048	2,677,791	2,400,602	-	262.68%	509,714	N	N	N
2	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd.	3	170,686	1,241,669	1,234,814	692,100	-	217.03%	284,477	N	N	Y
3	JD United Manufacturing Corporation Limited	Changzhou Tooku Garments Co., Ltd.	3	533,964	178,560	178,560	178,230	-	10.03%	889,941	N	N	Y
3	JD United Manufacturing Corporation Limited	J.D.United Manufacturing Pte Limited	3	533,964	165,168	165,168	-	-	9.28%	889,941	N	N	N
3	JD United Manufacturing Corporation Limited	Tooku Trading Corporation Limited	3	533,964	546,354	546,354	36,050	-	30.70%	889,941	N	N	N
4	JD United Trading Corporation Limited	Changzhou Tooku Garments Co., Ltd.	3	16,539	178,560	178,560	178,230	-	323.89%	27,565	N	N	Y
4	JD United Trading Corporation Limited	Tooku Trading Corporation Limited	3	16,539	546,354	546,354	36,050	-	991.02%	27,565	N	N	N
5	GDM Enterprise Co., Ltd.	JD United Manufacturing Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
5	GDM Enterprise Co., Ltd.	JD United Trading Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
6	ZHEN TAI GARMENT(CAMBODIA)CO., LTD	JD United Manufacturing Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
6	ZHEN TAI GARMENT(CAMBODIA)CO., LTD	JD United Trading Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
7	T & K GARMENT INDUSTRY CO., LTD.	JD United Manufacturing Corporation Limited	3	361,924	3,156,048	2,677,791	2,400,602	-	221.96%	603,206	N	N	N
7	T & K GARMENT INDUSTRY CO., LTD.	JD United Trading Corporation Limited	3	361,924	3,156,048	2,677,791	2,400,602	-	221.96%	603,206	N	N	N
8	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	JD United Manufacturing Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
8	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	JD United Trading Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
9	OCT Holding Company Limited	JD United Manufacturing Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
9	OCT Holding Company Limited	JD United Trading Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
10	GDM Trading Company Limited	JD United Manufacturing Corporation Limited	3	12,791	3,156,048	2,677,791	2,400,602	-	6280.60%	21,318	N	N	N
10	GDM Trading Company Limited	JD United Trading Corporation Limited	3	12,791	3,156,048	2,677,791	2,400,602	-	6280.60%	21,318	N	N	N
11	Suntex Textile Trading Corporation Limited	JD United Manufacturing Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N
11	Suntex Textile Trading Corporation Limited	JD United Trading Corporation Limited	3	-	3,156,048	2,677,791	2,400,602	-	-	-	N	N	N

Note 1: The parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5) Mutual guarantee of the trade as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in propotion to its ownership.

Note 3: The procedure of endorsement is showed as the follows:

(1) The total endorsements/guarantees amount of the Compnay and its subsidiaries shall not exceed 50% net worth of the company.

(2) The amount of endorsements/guarantees for any entity shall not exceed 30% net worth of the company; the aggregate amount of endorsements/guarantees for any entity shall not esceed 40% net worth of the company.

Note 4: The maximum endorsements/guarantees amount for the year.

Note 5: All endorsements/guarantees that have been approved by bank shall be calculated in ending balance.

Note 6: Actual amount provided shall be recorded for the endorsed/guaranteed subsidiary.

Note 7: Parent company endorsed/guaranteed for the subsidiaries, subsidiaries endorsed/guaranteed for the parent company, or endorsement/guarantee for entities in China shall fill in "Y" 。

Note 8: JD United Manufacturing Corporation Limited and JD United Trading Corporation Limited have the common limit for Changzhou Tooku Garments Co., Ltd., the table shows separately for calculating limit amount, actually the endorsements/guarantees is for any single entity. The common limit is NT$178,560 thousand, and the actual provided amount is NT$178,230 th

Note 9: JD United Manufacturing Corporation Limited and JD United Trading Corporation Limited have the common limit for Tooku Trading Corporation Limited, the table shows separately for calculating limit amount, actually the endorsements/guarantees is for any single entity. The common limit is NT$546,354 thousand, and the actual provided amount is NT$36,050 thous

Note 10: GDM Enterprise Co Ltd, ZHEN TAI GARMENT(CAMBODIA)CO.,LTD, T & K GARMENT INDUSTRY CO.,LTD., Changzhou Tooku Garments Co., Ltd., Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd., OCT Holding Company Limited, GDM Trading Company Limited and Suntex Textile Trading Corporation Limited have the common limit forJD United Manufacturing Corporation Limited and JD United Trading Corporation Limited, the table shows separately for calculating limit amount, actually the endorsements/guarantees is for any single entity. The common limit is NT$2,677,791 thousand, and the actual provided amount is N

Note 11: The above transactions were offset as consolidated financial statements were created.

ATTACHMENT 3 (Securities held as of 31 December 2017) (Excluding subsidiaries, associates and joint ventures)

Names of companies held	Type and name of securities (Note 1)	Relationship with the Company (Note 2)	Financial statement account	December 31, 2017				Remark (Note 4)
				Units (thousand)/ bonds/shares (thousand)	Carrying amount	Percentage of ownership (%)	Fair value/ Net assets value	
Roo Hsing Co., Ltd.	Preferred stock liabilities－ Ten Win Business International Co., Ltd. Preferred share C	Associate	Non-current investments in debt instrument without active market	17,000	$170,000	83%	$170,000	

Note 1: Stock, bonds, beneficiary certificate and securities which mentioned in Attachment 3 is part of IAS 39 Financial Instruments: Recognition and Measurement.

Note 2: Do not fill in the space if the security issuer is not belong to related party.

Note 3: Securities which were acquired by using fair value method, please fill in amount based on calculating after adjustment from fair value minus accumulated impairment; fill in the rest amount based on original acquired cost or after amortization

Note 4: Listed securities due to guarantees, pledged loans, or others who are restricted by agreement shall specify in the remarks column the number of guarantees or the number of shares borrowed, the amount of the guarantee or the amount of the lo

ATTACHMENT 4 (Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2017)

Buyer/Seller	Name of the securities (Note 1)	Financial statement accoun	Counter-party (Note 2)	Relationship (Note 2)	Beginning balance		Addition (Note 3)		Disposal (Note 3)				Ending balance	
					Units (thousand)/ bonds/shares (thousand)	Amount	Units (thousand)/ bonds/shares (thousand)	Amount	Units (thousand)/ bonds/shares (thousand)	Amount	Cost	Gain (loss) from disposal	Units (thousand)/ bonds/shares (thousand)	Amount
Roo Hsing Co., Ltd.	JD United (BVI) Limited	Investments accounted for using equity method	JD United Holdings Limited	Related party	-	$-	1	$9,183,006	-	$-	$-	$-	1	$9,183,006

Note 1：Securities include stock, bonds, beneficiary certificate and those derived from above all.

Note 2：Fill in the information for securities that list on long-term investments.

Note 3：The amount of accumulated purchases and sales should be calculated by using market value and whether it reached NT$1 million or 20% of paid-in capital.

Note 4：The amount of paid-in capital is from parent company.

Note 5：The above transactions were offset as consolidated financial statements were created.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 5: Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of capital stock for the year ended 31 December 2017

Company	Related party	Relationship	Transactions				Details of non-arm's length transaction (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd. (Cambodia)	The Company's subsidiary	Processing cost	$893,739	99%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	$-	-	
Roo Hsing Co. Nicaragua, S.A.	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V	Affiliate with same parent company	Processing revenue	200,286	100%	80% in 7 days and 20% in 21 days	Agreed based on necessary cost of subsidiary	N/A	-	-	
JD United Manufacturing Corporation Limited	T & K Garment Industry Co., Ltd.	Affiliate with same parent company	Sales	308,144	24%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	-	-	
JD United Manufacturing Corporation Limited	Changzhou Tooku Garments Co., Ltd	Affiliate with same parent company	Sales	122,216	9%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	-	-	
JD United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	Affiliate with same parent company	Sales	1,399,838	9%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	2,094,579	70%	
JD United Trading Corporation Limited	Nagapeace Corporation Limited	Affiliate with same parent company	Sales	126,065	1%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	-	-	
T&K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	Sales	2,051,838	41%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	3,065,569	102%	
Morning Glory Garment Enterprise Co., Ltd.	Splendid Chance International Ltd.	Affiliate with same parent company	Sales	362,555	4%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	126,465	4%	
Morning Glory Garment Enterprise Co., Ltd.	JD United Trading Corporation Limited	Affiliate with same parent company	Sales	2,580,449	32%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	292,314	9%	
GDM Enterprise Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	Processing revenue	119,270	28%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	728,997	31%	
Nagapeace Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	Processing revenue	1,116,141	58%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	320,740	10%	
Nagapeace Corporation Limited	JD United Trading Corporation Limited	Affiliate with same parent company	Processing revenue	427,445	22%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	326,571	11%	
Tanzania Tooku Garments Co., Ltd	JD United Trading Corporation Limited	Affiliate with same parent company	Sales	249,935	51%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	15,572	-	
Changzhou Tooku Garments Co., Ltd	JD United Trading Corporation Limited	Affiliate with same parent company	Sales	2,080,435	29%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	1,021,322	34%	
Changzhou Tooku Garments Co., Ltd	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Affiliate with same parent company	Sales	699,548	10%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	-	-	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 5: Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million and 20 percent of capital stock for the year ended 31 December 2017

Company	Related party	Relationship	Transactions				Details of non-arm's length transaction (Note 1)		Notes and accounts receivable (payable)		Note (Note 2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit Price	Term	Balance	Percentage of total receivables (payable)	
Changzhou Tooku Garments Co., Ltd	T & K GARMENT INDUSTRY CO.,LTD	Affiliate with same parent company	Sales	191,186	3%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	48,804	2%	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	Sales	529,171	26%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	-	-	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd	Affiliate with same parent company	Sales	159,446	8%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	623,053	21%	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	Affiliate with same parent company	Sales	118,020	12%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	74,915	2%	
Morning Glory Garment Enterprise Co., Ltd.	Tooku Trading Company Limited	Affiliate with same parent company	Sales	294,302	4%	Net 90 days. Cash payments are base on financial condition of the Company and capital need of the subsidiary.	Agreed based on necessary cost of subsidiary	N/A	458,402	15%	

Note 1: Unit price and terms should be stated if terms of related party transactions are different from those of ordinary transactions.

Note 2: Reasons, terms, amounts, and differences from ordinary transactions should be stated if there are advances or prepayments.

Note 3: Paid-in capital is the paid-in capital of the parent company. If the shares do not have a face value or the face value per share is not NT$10, 10% of the Equity attributable to parent on the balance sheets is used in the calculation of the rules of transaction amount of 20% paid-in capital .

Note 4: The above transactions were offset as consolidated financial statements were created

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 6: Receivables from related parties with amounts exceeding the lower of NT$100 million and 20 percent of capital stock as of 31 December 2017

Company recognizing receivables	Counter-party	Relationship	Ending balance of receivables	Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for doubtful account
					Amount	Collection status		
Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd. (Cambodia)	The Company's subsidiary	$323,837	-	$-	-	$-	-
Roo Hsing Co., Ltd.	J.D. United (BVI) Limited	The Company's subsidiary	388,639	-	-	-	-	-
J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	Affiliate with same parent company	2,094,579	-	-	-	-	-
J.D. United Trading Corporation Limited	South Bay Manufacturing Company Limited	Affiliate with same parent company	164,034	-	-	-	-	-
Changzhou Tooku Garments Co., Ltd	J.D. United Trading Corporation Limited	Affiliate with same parent company	1,021,322	-	-	-	-	-
Changzhou Tooku Garments Co., Ltd	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	Affiliate with same parent company	135,383	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.D. United Trading Corporation Limited	Affiliate with same parent company	120,225	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd	Affiliate with same parent company	623,053	-	-	-	-	-
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd	Affiliate with same parent company	357,435	-	-	-	-	-
T & K Garment Industry Co., Ltd.	Changzhou Tooku Garments Co., Ltd	Affiliate with same parent company	298,863	-	-	-	-	-
T & K Garment Industry Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Affiliate with same parent company	163,016	-	-	-	-	-
T & K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	3,065,569	-	-	-	-	-
GDM Enterprise Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	728,997	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	J.D. United Trading Corporation Limited	Affiliate with same parent company	292,314	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Zen Tai Garment (Cambodia) Co., Ltd.	Affiliate with same parent company	363,698	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Splendid Chance International Ltd.	Affiliate with same parent company	126,465	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Great Union (Cambodia) Garment Co., Ltd.	Affiliate with same parent company	107,038	-	-	-	-	-
Morning Glory Garment Enterprise Co., Ltd.	Tooku Trading Corporation Limited	Affiliate with same parent company	458,402	-	-	-	-	-
Nishiku Enterprise Co., Ltd.	J.D. United (BVI) Limited	Affiliate with same parent company	294,134	-	-	-	-	-
Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	Affiliate with same parent company	326,571	-	-	-	-	-
Nagapeace Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	Affiliate with same parent company	320,740	-	-	-	-	-
Tooku Trading Corporation Limited	J.D. United Trading Corporation Limited	Affiliate with same parent company	152,394	-	-	-	-	-
Tooku Trading Corporation Limited	Changzhou Tooku Garments Co., Ltd	Affiliate with same parent company	329,693	-	-	-	-	-

Note 1: The above transactions were offset as consolidated financial statements were created

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Attachment 7: Significant intercompany transactions between consolidated entities

No.	Company	Counter-party	Relationship	Account	Amount	Term	As a percentage of total assets or revenues
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd. (Cambodia)	1	Other receivables	$323,837	-	1%
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd. (Cambodia)	1	Processing cost	893,739	-	9%
0	Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd. (Cambodia)	1	Sample expense	210	-	-
0	Roo Hsing Co., Ltd.	Roo Hsing Co. Nicaragua, S.A.	1	Other receivables	8,806	-	-
0	Roo Hsing Co., Ltd.	Roo Hsing Shanghai Import & Export Co., Ltd.	1	Other receivables	8,035	-	-
0	Roo Hsing Co., Ltd.	Roo Hsing Shanghai Import & Export Co., Ltd.	1	Professional service fee	29,240	-	-
0	Roo Hsing Co., Ltd.	Roo Hsing Shanghai Import & Export Co., Ltd.	1	Interest income	35	-	-
0	Roo Hsing Co., Ltd.	Roo Hsing Shanghai Import & Export Co., Ltd.	1	Prepayments	4,790	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Cost of goods sold	29,957	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Accounts payable	21,254	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Sample expense	204	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Shipping expense	41	-	-
0	Roo Hsing Co., Ltd.	J.D. United Trading Corporation Limited	1	Other payables	245	-	-
0	Roo Hsing Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	1	Prepayments for business facilities	4,464	-	-
0	Roo Hsing Co., Ltd.	J.D. United (BVI) Limited	1	Other receivables	388,639	-	1%
0	Roo Hsing Co., Ltd.	J.D. United (BVI) Limited	1	Interest income	1,762	-	-
1	Roo Hsing Garment Co., Ltd. (Cambodia)	Roo Hsing Shanghai Import & Export Co., Ltd.	3	Other receivables	29,760	-	-
1	Roo Hsing Garment Co., Ltd. (Cambodia)	J.D. United Manufacturing Corporation Limited	3	Accounts payable	8,703	-	-
1	Roo Hsing Garment Co., Ltd. (Cambodia)	Hung Hsing Garment Co., Ltd. (Cambodia)	3	Accounts receivable	6,250	-	-
1	Roo Hsing Garment Co., Ltd. (Cambodia)	Chen Tai Co., Ltd. (Cambodia)	3	Prepayments	10,324	-	-
1	Roo Hsing Garment Co., Ltd. (Cambodia)	Chen Tai Co., Ltd. (Cambodia)	3	Processing cost	39,618	-	-
2	Roo Hsing Co. Nicaragua, S.A.	Operadora Internacional de Zonas Francas (Managua), S.A.	3	Other payables	7,303	-	-
2	Roo Hsing Co. Nicaragua, S.A.	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V	3	Processing revenue	200,286	Agreed based on product types	2%
2	Roo Hsing Co. Nicaragua, S.A.	Operadora Internacional de Zonas Francas (Managua), S.A.	3	Rental expense	13,484	-	-
2	Roo Hsing Co. Nicaragua, S.A.	South Bay Manufacturing Company Limited	3	Other receivables	5,952	-	-
2	Roo Hsing Co. Nicaragua, S.A.	Roo Hsing Garment Co., Ltd. (Cambodia)	3	Other receivables	4,464	-	-
3	Roo Hsing Garment Manufacturing Co., Ltd. (Myanmar)	S.H. United Co., Ltd. (Myanmar)	3	Other receivables	13,639	-	-
3	Roo Hsing Garment Manufacturing Co., Ltd. (Myanmar)	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Other payables	10,284	-	-
3	Roo Hsing Garment Manufacturing Co., Ltd. (Myanmar)	J.D. United Trading Corporation Limited	3	Other payables	12,641	-	-
4	S.H. United Co., Ltd. (Myanmar)	South Bay Manufacturing Company Limited	3	Other payables	14,519	-	-
5	Hung Hsing Garment (Cambodia) Co., Ltd	Morning Glory Garment Enterprise Co., Ltd.	3	Accounts receivable	13,789	-	-
5	Hung Hsing Garment (Cambodia) Co., Ltd	Morning Glory Garment Enterprise Co., Ltd.	3	Other payables	21,360	-	-
5	Hung Hsing Garment (Cambodia) Co., Ltd	Nishiku Enterprise Co., Ltd.	3	Sale of goods	23,133	-	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Attachment 7: Significant intercompany transactions between consolidated entities

No.	Company	Counter-party	Relationship	Account	Amount	Term	As a percentage of total assets or revenues
6	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V	Roo Hsing Garment Co., Ltd. (Cambodia)	3	Other receivables	8,630	-	-
7	Operadora Internacional de Zonas Francas (Managua), S.A.	Roo Hsing Garment Co., Ltd. (Cambodia)	3	Other receivables	5,654	-	-
8	J.D. United (BVI) Limited	Changzhou Tooku Garments Co., Ltd	3	Accounts receivable	84,764	-	-
8	J.D. United (BVI) Limited	Nishiku Manufacturing Corporation Limited	3	Accounts receivable	57,973	-	-
9	J.D. United Trading Corporation Limited	J.D. United (BVI) Limited	3	Accounts receivable	69,749	-	-
9	J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	3	Accounts receivable	2,094,579	-	8%
9	J.D. United Trading Corporation Limited	South Bay Manufacturing Company Limited	3	Accounts receivable	164,034	-	1%
9	J.D. United Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd	3	Accounts receivable	15,572	-	-
9	J.D. United Trading Corporation Limited	T & K Garment Industry Co., Ltd.	3	Sale of goods	1,399,838	Agreed based on product types	14%
9	J.D. United Trading Corporation Limited	Changzhou Tooku Garments Co., Ltd	3	Sale of goods	18,986	Agreed based on product types	-
9	J.D. United Trading Corporation Limited	Nagapeace Corporation Limited	3	Sale of goods	126,065	Agreed based on product types	1%
10	J.M. Bag & Case Manufacturing Corporation Limited	J.D. United Trading Corporation Limited	3	Accounts receivable	13,877	-	-
11	Changzhou Tooku Garments Co., Ltd	J.D. United Trading Corporation Limited	3	Accounts receivable	1,021,322	-	4%
11	Changzhou Tooku Garments Co., Ltd	Baicheng Mei Da Garment Co., Ltd.	3	Accounts receivable	66,566	-	-
11	Changzhou Tooku Garments Co., Ltd	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	3	Accounts receivable	135,383	-	1%
11	Changzhou Tooku Garments Co., Ltd	T & K Garment Industry Co., Ltd.	3	Accounts receivable	48,804	-	-
11	Changzhou Tooku Garments Co., Ltd	Tanzania Tooku Garments Co., Ltd	3	Accounts receivable	71,046	-	-
11	Changzhou Tooku Garments Co., Ltd	J.D. United Trading Corporation Limited	3	Sale of goods	2,080,435	Agreed based on product types	21%
11	Changzhou Tooku Garments Co., Ltd	J.D. United Manufacturing Pte. Limited	3	Sale of goods	8,498	Agreed based on product types	-
11	Changzhou Tooku Garments Co., Ltd	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Sale of goods	699,548	Agreed based on product types	7%
11	Changzhou Tooku Garments Co., Ltd	T & K Garment Industry Co., Ltd.	3	Sale of goods	191,186	Agreed based on product types	2%
11	Changzhou Tooku Garments Co., Ltd	Tanzania Tooku Garments Co., Ltd	3	Sale of goods	56,753	Agreed based on product types	1%
11	Changzhou Tooku Garments Co., Ltd	Tooku Trading Corporation Limited	3	Sale of goods	91,936	Agreed based on product types	1%
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	120,225	-	-
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd	3	Accounts receivable	623,053	-	2%
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	T & K Garment Industry Co., Ltd.	3	Accounts receivable	69,196	-	-
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	74,915	-	-
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd	3	Accounts receivable	357,435	-	1%
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Sale of goods	529,171	Agreed based on product types	5%
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Tanzania Tooku Garments Co., Ltd	3	Sale of goods	65,809	Agreed based on product types	1%
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.M. Bag & Case (Cambodia) Co., Ltd.	3	Sale of goods	8,366	Agreed based on product types	-
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.D. United Trading Corporation Limited	3	Sale of goods	32,954	Agreed based on product types	-
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Nagapeace Corporation Limited	3	Sale of goods	118,020	Agreed based on product types	1%

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Attachment 7: Significant intercompany transactions between consolidated entities

No.	Company	Counter-party	Relationship	Account	Amount	Term	As a percentage of total assets or revenues
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	T & K Garment Industry Co., Ltd.	3	Sale of goods	24,387	Agreed based on product types	-
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	Changzhou Tooku Garments Co., Ltd	3	Sale of goods	159,446	Agreed based on product types	2%
12	Changzhou Guangzhou Manchuria Trading Co., Ltd.	J.D. & Toyoshima Co., Ltd.	3	Sale of goods	15,890	-	-
13	Tooku Jan Garments Co., Ltd.	Changzhou Tooku Garments Co., Ltd	3	Accounts receivable	6,624	-	-
14	Nishiku Manufacturing Corporation Limited	South Bay Manufacturing Company Limited	3	Accounts receivable	54,729	-	-
15	GDM Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	21,574	-	-
15	GDM Enterprise Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Processing revenue	119,270	-	1%
15	GDM Enterprise Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Accounts receivable	728,997	-	3%
15	GDM Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	22,727	-	-
16	Zen Tai Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	26,290	-	-
16	Zen Tai Garment (Cambodia) Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Processing revenue	91,309	-	1%
16	Zen Tai Garment (Cambodia) Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	13,762	-	-
17	T & K Garment Industry Co., Ltd.	J.D. United (BVI) Limited	3	Accounts receivable	6,359	-	-
17	T & K Garment Industry Co., Ltd.	Changzhou Tooku Garments Co., Ltd	3	Accounts receivable	298,863	-	-
17	T & K Garment Industry Co., Ltd.	Changzhou Guangzhou Manchuria Trading Co., Ltd.	3	Accounts receivable	163,016	-	1%
17	T & K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Accounts receivable	3,065,569	-	12%
17	T & K Garment Industry Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	66,821	-	-
17	T & K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Processing revenue	67,693	-	1%
17	T & K Garment Industry Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Sale of goods	2,051,838	Agreed based on product types	20%
18	Morning Glory Garment Enterprise Co., Ltd.	Paneffort (Cambodia) Garment Co., Ltd.	3	Accounts receivable	51,744	-	-
18	Morning Glory Garment Enterprise Co., Ltd.	Zen Tai Garment (Cambodia) Co., Ltd.	3	Accounts receivable	363,698	-	1%
18	Morning Glory Garment Enterprise Co., Ltd.	Splendid Chance International Ltd.	3	Accounts receivable	126,465	-	-
18	Morning Glory Garment Enterprise Co., Ltd.	Great Union (Cambodia) Garment Co., Ltd.	3	Accounts receivable	107,038	-	-
18	Morning Glory Garment Enterprise Co., Ltd.	Nishiku Enterprise Co., Ltd.	3	Accounts receivable	58,816	-	-
18	Morning Glory Garment Enterprise Co., Ltd.	J.D. & Toyoshima Co., Ltd.	3	Accounts receivable	55,861	-	-
18	Morning Glory Garment Enterprise Co., Ltd.	J.M. Bag & Case (Cambodia) Co., Ltd.	3	Accounts receivable	69,464	-	-
18	Morning Glory Garment Enterprise Co., Ltd.	True Power Garment Corporation Ltd.	3	Accounts receivable	62,841	-	-
18	Morning Glory Garment Enterprise Co., Ltd.	J.D. United Manufacturing Pte. Limited	3	Accounts receivable	11,970	-	-
18	Morning Glory Garment Enterprise Co., Ltd.	Splendid Chance International Ltd.	3	Sale of goods	362,555	Agreed based on product types	4%
18	Morning Glory Garment Enterprise Co., Ltd.	J.D. United Trading Corporation Limited	3	Sale of goods	2,580,449	Agreed based on product types	25%
18	Morning Glory Garment Enterprise Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	292,314	-	1%
18	Morning Glory Garment Enterprise Co., Ltd.	J.D. United Manufacturing Pte. Limited	3	Sale of goods	12,236	Agreed based on product types	-
18	Morning Glory Garment Enterprise Co., Ltd.	Tooku Trading Corporation Limited	3	Sale of goods	294,302	Agreed based on product types	3%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

Attachment 7: Significant intercompany transactions between consolidated entities

No.	Company	Counter-party	Relationship	Account	Amount	Term	As a percentage of total assets or revenues
18	Morning Glory Garment Enterprise Co., Ltd.	Tooku Trading Corporation Limited	3	Accounts receivable	458,402	-	2%
19	Nishiku Enterprise Co., Ltd.	J.D. United (BVI) Limited	3	Accounts receivable	294,134	-	1%
19	Nishiku Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Accounts receivable	9,775	-	-
19	Nishiku Enterprise Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Processing revenue	63,540	-	1%
19	Nishiku Enterprise Co., Ltd.	Nagapeace Corporation Limited	3	Processing revenue	14,106	-	-
20	J.M. Bag & Case (Cambodia) Co., Ltd.	J.D. United Trading Corporation Limited	3	Accounts receivable	5,437	-	-
20	J.M. Bag & Case (Cambodia) Co., Ltd.	J.M. Bag & Case Manufacturing Corporation Limited	3	Accounts receivable	20,104	-	-
20	J.M. Bag & Case (Cambodia) Co., Ltd.	J.D. United Trading Corporation Limited	3	Sale of goods	5,558	Agreed based on product types	-
20	J.M. Bag & Case (Cambodia) Co., Ltd.	J.M. Bag & Case Manufacturing Corporation Limited	3	Sale of goods	15,054	Agreed based on product types	-
21	Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	3	Accounts receivable	326,571	-	1%
21	Nagapeace Corporation Limited	Paneffort (Cambodia) Garment Co., Ltd.	3	Accounts receivable	55,069	-	-
21	Nagapeace Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	3	Accounts receivable	320,740	-	1%
21	Nagapeace Corporation Limited	J.D. & Toyoshima Co., Ltd.	3	Accounts receivable	6,066	-	-
21	Nagapeace Corporation Limited	Morning Glory Garment Enterprise Co., Ltd.	3	Processing revenue	1,116,141	-	11%
21	Nagapeace Corporation Limited	J.D. United Trading Corporation Limited	3	Processing revenue	427,445	-	4%
22	South Bay Manufacturing Company Limited	J.D. United Trading Corporation Limited	3	Processing revenue	65,053	-	1%
23	J.D. United Manufacturing Corporation Limited	T & K Garment Industry Co., Ltd.	3	Sale of goods	308,144	Agreed based on product types	3%
23	J.D. United Manufacturing Corporation Limited	Changzhou Tooku Garments Co., Ltd	3	Sale of goods	122,216	Agreed based on product types	1%
23	J.D. United Manufacturing Corporation Limited	Tanzania Tooku Garments Co., Ltd	3	Sale of goods	22,419	Agreed based on product types	-
24	Great Union (Cambodia) Garment Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Processing revenue	85,990	-	1%
25	J.D. & Toyoshima Co., Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Processing revenue	31,354	-	-
26	True Power Garment Corporation Ltd.	Morning Glory Garment Enterprise Co., Ltd.	3	Processing revenue	65,599	-	1%
27	Tanzania Tooku Garments Co., Ltd	J.D. United Trading Corporation Limited	3	Sale of goods	249,935	Agreed based on product types	2%
27	Tanzania Tooku Garments Co., Ltd	J.D. United Trading Corporation Limited	3	Accounts receivable	15,572	-	-
28	Baicheng Mei Da Garment Co., Ltd.	Changzhou Tooku Garments Co., Ltd	3	Processing revenue	12,717	-	-
29	Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co., Ltd	Changzhou Tooku Garments Co., Ltd	3	Processing revenue	96,176	-	1%
30	Tooku Trading Corporation Limited	J.D. United Trading Corporation Limited	3	Accounts receivable	152,394	-	1%
30	Tooku Trading Corporation Limited	Changzhou Tooku Garments Co., Ltd	3	Accounts receivable	329,693	-	1%
30	Tooku Trading Corporation Limited	T & K Garment Industry Co., Ltd.	3	Other payables	53,851	-	-
30	Tooku Trading Corporation Limited	Tanzania Tooku Garments Co., Ltd	3	Other payables	65,486	-	-

Note 1: Information about related party transactions should be stated. The numbers of each company are illustrated as follows:

1. 0 is for the parent company.
2. Each subsidiary is numbered from 1.

Note 2: The relationship between related parties are as follows:

1. Parent company and subsidiary.
2. Subsidiary and Parent company.
3. Subsidiary and subsidiary.

Note 3: Transaction amount is stated as a ratio of total assets or total revenues. Ratios of assets or liabilities accounts are calculated as ending balance divided by total assets, and ratios of profit or loss accounts are calculated as accumulated amount for the year divided by total revenues.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 8: Names, locations and related information of investee companies (Not including investment in Mainland China)

Investor Company	Investee Company (Note1 and note 2)	Location	Main business and products	Original / investment amount		Investment as of 31 December 2017			Net income (loss) of investee (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
Roo Hsing Co., Ltd.	Roo Hsing Garment Co., Ltd.	Cambodia	Garment processing	$500,035	$500,035	-	100	$45,363	$(30,141)	$(30,141)	
	Roo Hsing Co. Nicaragua, S.A.	Nicaragua	Garment processing	359,980	359,980	36,267	100	61,795	(15,172)	(15,172)	
	ROO HSING GARMENT CO., EL SALVADOR, S.A. DE C.V.	El Salvador	Garment processing	600,981	600,981	1,346,000	100	152,791	(13,985)	(13,985)	
	Operadora Internacional de Zonas Francas (Managua), S.A.	Nicaragua	Plant and property Leasing	182,264	182,264	56,730	100	171,828	1,353	1,353	
	FAIN TEI ENTERPRISE COMPANY LTD.(BVI)	British Virgin Islands	Investment holding	237,711	74,329	7,900,000	100	89,517	4,814	4,814	
	Ten Win Business International Co., Ltd.	Taipei, Taiwan	Real estate development and leasing for funeral service	79,992	79,992	2,400,000	30	59,401	(25,991)	(7,797)	
	J.D. United (BVI) Limited	British Virgin Islands	Investment holding	9,183,006	-	1	100	11,241,781	630,499	(170,897)	(Note 6)
	Tooku Holdings Limited	British Virgin Islands	Investment holding	48,299	-	50,000	100	50,237	3,923	2,448	(Note 7)
	Roo Hsing Garment Manufacturing Co., Ltd.	Myanmar	Garment processing	4,830	-	750	100	(32,467)	(12,117)	(12,117)	
Roo Hsing Garment Co., Ltd.	Chen Tai Co., Ltd.	Cambodia	Garment washing	20,312	20,312	-	100	12,254	(555)	(555)	
FAIN TEI ENTERPRISE COMPANY LTD.(BVI)	Hung Hsing Garment (Cambodia) Co., Ltd.	Cambodia	Garment processing	46,472	-	-	100	37,217	(9,185)	(9,185)	
	S.H. United Co., Ltd.	Myanmar	Garment processing	-	-	-	100	-	-	-	
J.D. United (BVI) Limited	J.D. United Manufacturing Corporation Limited	Hong Kong	Investment holding and garment trading	1,065,889	1,065,889	-	100	1,779,882	641,881	641,881	
Tooku Holdings Limited	Tooku Trading Corporation Limited	Hong Kong	Garment trading	-	-	-	100	25,676	2,448	2,448	
J.D. United Manufacturing Corporation Limited	J.D. United Trading Corporation Limited	Hong Kong	Garment trading	121	121	-	100	55,131	(22,292)	(22,292)	
	OCT Holding Company Limited	Hong Kong	Investment holding	-	-	-	100	(35,877)	(36,420)	(36,420)	
	Nishiku Manufacturing Corporation Limited	Hong Kong	Investment holding	-	-	-	100	(38,297)	(38,912)	(38,912)	
	J.M. Bag & Case Manufacturing Corporation Limited	Hong Kong	Investment holding and bag trading	15,130	15,130	-	70	(3,935)	(12,109)	(8,476)	
	GDM Enterprise Co., Ltd.	Cambodia	Manufacturing	30,260	30,260	-	100	(179,028)	(52,347)	(52,347)	
	Nishiku Enterprise Co., Ltd.	Cambodia	Manufacturing	-	-	-	100	373,705	(14,120)	(14,120)	
	Morning Glory Garment Enterprise Co., Ltd.	Cambodia	Manufacturing	-	-	-	100	1,388,125	(2,926)	(2,926)	
	J.D. & Toyoshima Co., Ltd.	Cambodia	Manufacturing	77,163	77,163	-	67	(23,983)	(29,642)	(19,762)	
	Gowin Success Limited	British Virgin Islands	Investment holding	-	-	-	100	848,556	867,375	867,375	
	Paneffort (Cambodia) Garment Co., Ltd. (Note 4)	Cambodia	Garment processing	-	-	-	100	-	-	-	
OCT Holding Company Limited	GDM Trading Company Limited	Hong Kong	Investment holding	30,260	30,260	-	100	42,636	(36,420)	(36,420)	
Nishiku Manufacturing Corporation Limited	South Bay Manufacturing Co., Limited	Myanmar	Manufacturing	2,270	2,270	-	100	(153,310)	(38,445)	(38,445)	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 8: Names, locations and related information of investee companies (Not including investment in Mainland China)

Investor Company	Investee Company (Note1 and note 2)	Location	Main business and products	Original / investment amount		Investment as of 31 December 2017			Net income (loss) of investee (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value			
J.M. Bag & Case Manufacturing Corporation Limited	J.M. Bag & Case (Cambodia) Co., Ltd.	Cambodia	Manufacturing	4,236	4,236	-	100	(26,895)	(9,267)	(9,267)	
Gowin Success Limited	J.D. United Manufacturing Pte. Limited	Singapore	Investment holding	-	-	-	100	(11,311)	(9,776)	(9,776)	
	Suntex Textile Trading Corporation Limited	Hong Kong	Textile trading	-	-	-	100	(524)	(24)	(24)	
	True Power Garment Corporation Ltd.	Cambodia	Manufacturing	-	-	-	100	(1,221)	12,494	12,494	
	Gowin Garments Corporation Limited	Hong Kong	Investment holding	-	-	-	100	845,920	864,680	864,680	
J.D. United Manufacturing Pte. Limited	Zhen Tai Garment (Cambodia) Co., Ltd.	Cambodia	Manufacturing	30,260	30,260	-	100	(160,917)	(330)	(330)	
	T&K Garment Industry Co., Ltd.	Cambodia	Manufacturing	26,531	26,531	-	100	1,206,412	(66,394)	(66,394)	
	Splendid Chance International Ltd.	Cambodia	Manufacturing	15,130	15,130	-	100	14,724	19,301	19,301	
	Great Union (Cambodia) Garment Co., Ltd.	Cambodia	Manufacturing	20,577	20,577	-	100	19,329	38,126	38,126	
Gowin Garments Corporation Limited	Nagapeace Corporation Limited	Cambodia	Manufacturing	-	-	-	100	830,799	864,680	864,680	
Changzhou Tooku Garments Co., Ltd.	Tanzania Tooku Garments Co., Ltd.	Tanzania	Manufacturing	349,806	349,806	-	100	34,195	(61,475)	(61,460)	

Note 1: If the overseas investment company established by listed companies creates consolidated financial statements under local regulations, information about overseas investees can be disclosed only to the extent of the overseas investment company.

Note 2: If not qualified for the situation stated in Note 1, the above table should be made under rules as follows:

(1) Information about the Company's investments should be filled in the "Investee", "Location", "Main business", "Initial investment" and "Investment as of December 31, 2017" columns. The relationship between the investee and the Company should be filled in the "Note" column.

(2) The net income for the year of each investee should be filled in the "Net income (loss) of investee" column.

(3) Only the investment income (loss) of subsidiaries or investees accounted for using the equity method recognized by the Company should be filled in the "Investment income (loss) recognized" column. The investment income (loss) recognized should include investment income (loss) recognized by the investee.

Note 3: The initial investment of subsidiaries of J.D. United (BVI) Limited and Tooku Holdings Limited is the initial investment before Roo Hsing acquired them.

Note 4: As of 31 December 2017, Paneffort (Cambodia) Garment Co., Ltd. was established, but capital has not been paid in.

Note 5: The above investments were offset as consolidated financial statements were created except for Ten Win Business International Co., Ltd.

Note 6: Investment income (loss) recognized of Investee Company J.D. United (BVI) Limited is illustrated as follows:

Net income in January - December	630,499
Less: Net Income in January - July	(349,996)
Net income in August - December	280,503
Adjustment for difference between acquisition consideration allocation related fair value and net assets acquired	(451,400)
Investment income (loss) recognized	(170,897)

Note 7: Investment income (loss) recognized of Investee Company Tooku Holdings Limited is illustrated as follows:

Net income in January - December	3,923
Less: Net Income in January - July	(1,475)
Investment income (loss) recognized	2,448

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

ATTACHMENT 9: Investment in Mainland China

Investee Company	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of 1 January 2017	Investment flows		Accumulated outflow of investment from Taiwan as of 31 December 2017	Net income (loss) of investee Company	Percentage of ownership	Investment income (loss) recognized (Note 2)	Carrying value as of 31 December 2017	Accumulated inward remittance of earnings as of 31 December 2017	Note
					Outflow	Inflow							
Roo Hsing Shanghai Import & Export Co., Ltd.	Garment and textile manufacturing, trading and processing	$117,976 (USD3,900 thousand)	Cash Note 1	$72,624 (USD2,400 thousand)	$165,088	$-	$117,976 (USD3,900 thousand)	$14,398	100%	$14,398	$(20,566)	$-	
Changzhou Tooku Garments Co., Ltd.	Garment and textile manufacturing, trading and processing	907,808 (USD30,000 thousand)	Cash Note 2	-	-	-	-	(36,420)	100%	(36,420)	1,019,428	-	
Bai Cheng Shi Mei Da Garment Co., Ltd.	Garment Manufacturing	67,932 (CNY14,930 thousand)	Cash Note 2	-	-	-	-	(5,296)	100%	(5,296)	(22,584)	-	
J.D. Shing Co., Ltd.	Garment and textile manufacturing, trading and processing	3,026 (USD100 thousand)	Cash Note 2	-	-	-	-	(3,344)	100%	(3,344)	(642)	-	
Changzhou Guangzhou Manchuria Trading Co., Ltd.	Textile trading	453,900 (USD15,000 thousand)	Cash Note 2	-	-	-	-	33,827	100%	33,827	568,955	-	
Chongqing Municipality Youyang Country Tooku Dec Manufacturing Co.,	Garment and textile manufacturing, trading and processing	60,520 (USD2,000 thousand)	Cash Note 2	-	-	-	-	(26,092)	100%	(26,092)	(99,994)	-	
Tooku Jan Garments Co., Ltd.	Garment and textile manufacturing, trading and processing	30,260 (USD1,000 thousand)	Cash Note 2	-	-	-	-	-	100%	-	7,348	-	
Hung Hsing Garment (Cambodia) Co., Ltd.	Garment and textile manufacturing, trading and processing	-(Note 5)	Cash Note 1	-	-	-	-	-	100%	-	-	-	
Henan Kao wei Garment Corporation Limited	Garment and textile manufacturing, trading and processing	-(Note 5)	Cash Note 2	-	-	-	-	-	100%	-	-	-	

Accumulated investment in Mainland China as of 31 December 2017	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment
$117,976 (USD3,900 thousand)	$123,018 (USD3,900 thousand)	Unlimited (Note 4)

Note 1: Indirect investment in Mainland China through FAIN TEI ENTERPRISE COMPANY LTD. (BVI) registered in a third region.

Note 2: Indirect investment in Mainland China through J.D. United Manufacturing Corporation Limited registered in a third region.

Note 3: The initial investment of subsidiaries of J.D. United (BVI) Limited and Tooku Holdings Limited is the initial investment before Roo Hsing acquired them.

Note 4: The company meets the requirements of Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China. The investment amount is unlimited.

Note 5: As of 31 December 2017, Hung Hsing Garment (Cambodia) Co., Ltd. and Henan Gowin Garment Corporation Limited were established, but capital has not been paid in.

Note 6: The above investments were offset as consolidated financial statements were created.