Ticker number：5287TT

ADDcn Technology Co., Ltd

2018 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.



ADDcn Annual Report is available at: http://mops.twse.com.tw

ADDcn website: https://www.addcn.com.tw

Printed on 05 13, 2019

I. Spokesperson

Name: Wu, Tsung-Hsien
Title: CEO
Tel: 886-2-2999-5691
E-mail: ir@addcn.com

Deputy Spokesperson

Name: Yu, Chu-Yu
Title: IR
Tel: 886-2-2999-5691
E-mail: ir@addcn.com

II. Headquarters, Branches and Plant

Address:10F., No.12, Ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City , Taiwan (R.O.C.)
Tel.: 886-2-2999-5691

III. Stock Transfer Agent

Capital Securities Corporation
Address: B2, No.97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 10
Tel: 886-2-2703-5000
Website: http://www.capital.com.tw

IV. Auditors

KPMG
Auditors: Yu, Sheng-Ho, Wu, Mei-Pin
Address: 68F, TAIPEI 101 TOWER, No. 7, Sec. 5, Xinyi Road, Taipei
Tel.: 886-2-8101-6666
Website: http://www.kpmg.com.tw

V. Overseas Securities Exchange

N/A

VI. Corporate Website

https://www.addcn.com.tw

Table of Contents

I. : Letter to Shareholders..... 1

II. : Company Profile..... 4

III. : Corporate Governance Report..... 7

IV. : Capital Overview..... 45

V. : Operational Highlights..... 53

VI. : Financial Information..... 62

VII. : Review of Financial Conditions, Operating Results, and Risk Management..... 72

VIII. : Special Disclosure..... 81

8591 寶物交易 .com.tw 台灣知名線上遊戲交易平台

591 房屋交易 .com.tw 台灣領先租屋交易平台

8891 汽車交易 .com.tw 台灣熱門車類交易平台

518人力銀行 台灣知名人力媒合平台

名品會 MINPIN 台灣時尚優惠精品網站

Marry 結婚吧 一站式婚禮服務平台

100 室內設計 Interior Design 台灣室內設計媒合平台

小雞上工 全台最大學生打工平台

I. Letter to Shareholders

Good Morning, Ladies and Gentlemen:

Thank you for your support for ADDcn Technology for the past year, and participating in the 2019 general meeting of shareholders in the midst of pressing affairs. I represent ADDcn Technology Co., Ltd to welcome your visit and guidance.

I. Implementation Results of Business Plan

The Company's 2018 consolidated operating revenue is NT$ 1,478,744 thousand, which, compared with the operating income of NT$ 1,371,193 thousand in 2017, shows an increase of 7.84 %. The income from continuing operations in 2018 is NT$ 605,804 thousand, which, compared with the income from continuing operations of NT$ 504,725 thousand in 2017, shows an increase of 20.03%, and the after tax earnings per share are NT$ 14.04.

In 2018, the international circumstances are unstable and full of uncertain factors; the economy in Taiwan market is relatively stable, but is also full of severe challenges. In this ever-changing market, the operation group still made an outstanding performance; both the revenue and operating profits have reached a record high. In 2018, the effort for the comprehensive and friendly user experience in the "new construction projects on 591" (Property Trading) and in the "new car items on 8891" (Cars Trading) has made us keep extending the distance between the competitors. Under the effort of the group, "100 Interior Design" and "Marry" are gradually taking the lead as well. Besides, our operating group will continue to develop new services and markets; such websites as "Chickpt" (Part-Time Human Resource) and "8591.HK" have successively received ardent feedback too. Overseas markets have also yielded a fruitful harvest in 2018. After adjusting its strategies, "591.HK" can operate independently. Moreover, with the experience borrowed from "591.HK", "8591.HK" has officially started to operate in the fourth quarter, adding fresh energy to the overseas markets.

In recent years, the internationalization tendency of the internet market in Taiwan is becoming obvious. Our company is grounded on the core of "matchmaking"; in order to expand the leading advantages, we will face the gradually server challenges with a diverse manner, and will provide the members with various and convenient services. In 2019, we will continue the strategies applied in

the last year. We are going to enrich our contents, to provide more convenient services and to cooperate with more below-the-line companies so as to demonstrate the websites' influences of "matchmaking." 518 (Human Resource) is making an effort to deepen its foundation, and will be dedicated to the groups of students and small enterprises to broaden the market participation degree of the platform. After 591.HK can operate independently, 8591.HK is going to borrow its experience to speed up the expansion of overseas markets. After years' endeavors of the group, such new platforms as "100 Interior Design" and "Marry" are gradually becoming one of the leading enterprises, and are expected to operate independently; besides, we are going to strenuously promote "Chickpt" to broaden its market share. It is expected that the overall arrangement and promotion mentioned-above will produce prominent helpfulness to the company's operation.

II. Financial Revenue and Expenditure and Profitability Analysis

The company's 2018 consolidated operating revenue, operating margin, operating net profit, income from continuing operations, net profit after tax, and after tax earnings per share are listed as follows:

Unit: NT$ thousand

year / item	2018	2017	YoY(%)
operating revenue	1,478,744	1,371,193	7.84%
operating margin	1,170,177	1,075,069	8.85%
operating net profit	728,260	602,277	20.92%
income from continuing operations	605,804	504,725	20.03%
net profit after tax	605,804	639,715	-5.30%
after tax earnings per share (dollar)	14.04	15.00	—

III. Status of Research and Development

Our company has more than ten million members; the data of their consumption behaviors will be important assets of the websites in the future. In order to enhance the efficiency brought by the

digital resources, we are going to keep enriching the contents in the websites and to improve the algorithm of big data. Moreover, the optimization of the mobile applications is also an item which needs to keep endeavoring.

Thank you for all the shareholders' visit, and for the colleagues who have been working together. In the future, all the colleagues in the company will make every effort to boost the company's performance. We are going to create higher profit and value for all shareholders and to set sustainable operation as our ultimate goal.

Finally, may all your wishes come true.

Chairman : Liao, Shih-Fang
General Manager: Wu, Tsung-Hsien
Chief Accountant: Chang, Chiao-Ni

II. Company Profile

1. Date of Incorporation:：Jan. 23, 1997

2. Company History：

Time	Milestones
2007/01	The Ministry of Economic Affairs approved the establishment of ADDcn Technology Co., Ltd. with the capital of NT$ 15 million.
2007/05	8591 (virtual treasure trade) has become the Company's website.
2007/06	Founding 591(Property Trading).
2008/08	Capital increase was NT$23.6 million. After the capital increase, the paid-in capital was NT$38.6 million.
2009/01	Founding 1796 website.
2009/08	Founding 8891(Cars Trading).
2009/09	Founding 518 (Human Resource).
2009/10	Capital increase was NT$41.4 million. After the capital increase, the paid-in capital was NT$80 million.
2010/08	Capital increase was NT$68.4 million. After the capital increase, the paid-in capital was NT$148.4 million.
2011/05	The business and assets transfer of 518 (Human Resource).
2011/06	Capital reserve transferred to increase was NT$27.36 million. After the transfer, the paid-in capital was NT$175.76 million.
2011/11	Founding 101 (Online T-Shirt selling website)
2012/06	Earnings transferred to increase was NT$104.24 million. After the transfer, the paid-in capital was NT$280 million.
2012/07	Share certificates had been publicly issued.
2012/08	Shut down 1796 website.
2012/09	Registered the stock for TPEx trading.
2012/10	591(Property Trading) won The 9th National Yushan Brand Award –The Most Popular Brand.
2012/11	Shut down TWBBS website.
2012/11	591(house trade) won The 12th Golden Network Award of the Ministry of Economic Affairs - Service Platform Silver Award.
2013/03	Business Next magazine published the 2013 Top 100 list of Taiwan Internet:

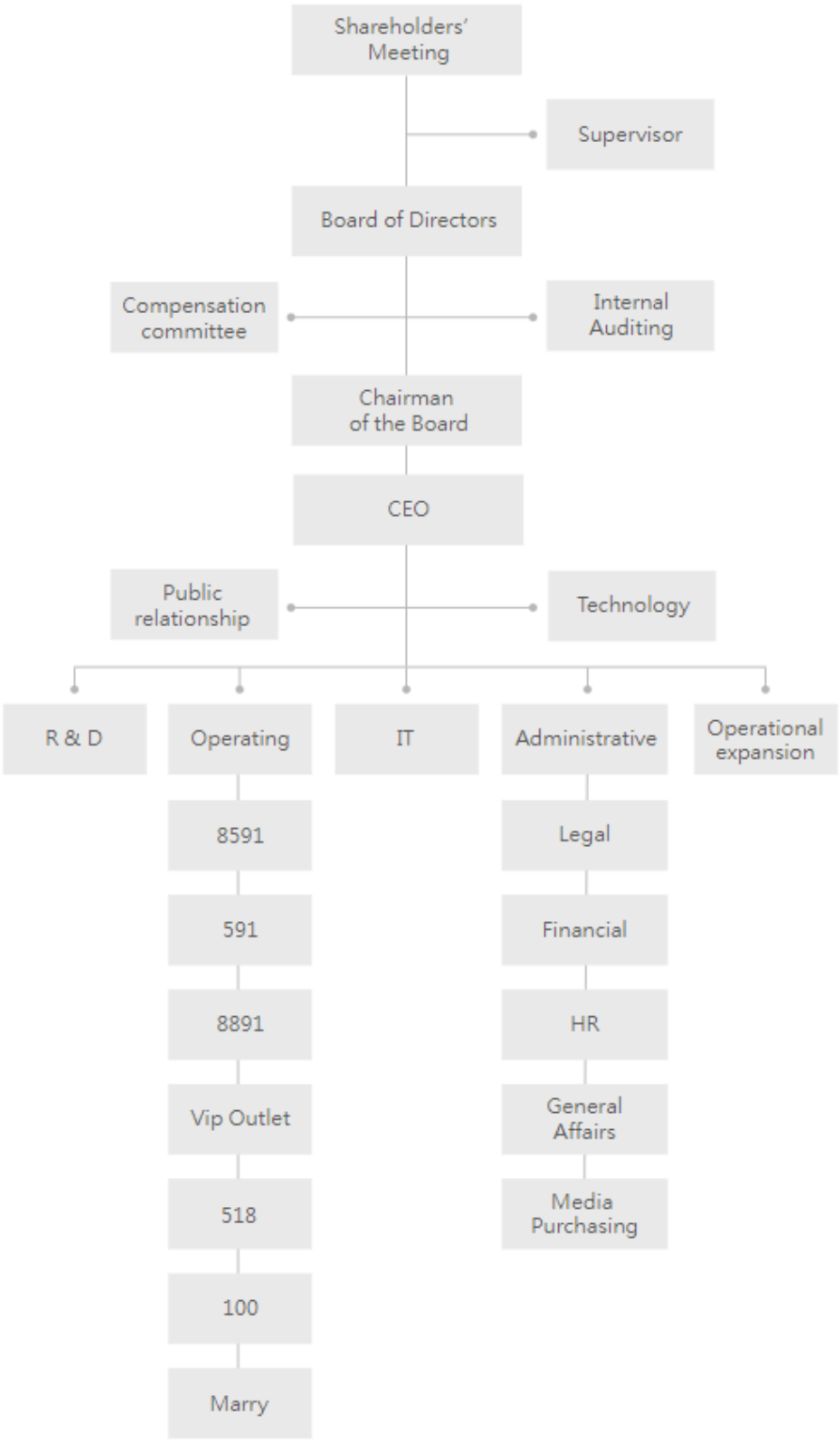
Time	Milestones
	591(Property Trading) ranked 57th in the "2013 Business Next Web100 List" and 8591 (virtual treasure trade) ranked 78th.
2013/10	8591 (virtual treasure trade) and 8891(Cars Trading) won The 10th National Yushan Brand Award –The Most Popular Brand.
2014/01	Capital increase was NT$350 million. After the capital increase, the paid-in capital was NT$315 million.
2014/01	List on the OTC market.
2014/03	Business Next magazine published the 2014 Top 100 list of Taiwan Internet: 591(Property Trading) ranked 53th in the "2014 Business Next Web100 List".
2014/06	Founding VIP Brands Outlet website.
2014/06	518 (Human Resource) won the Commercial Times Bronze Medal Award of The Best Service in Taiwan.
2014/08	Founding 591 in HK.
2014/11	Merging 518(human resources)
2015/03	Business Next magazine published the 2015 Top 100 list of Taiwan Internet: 591(Property Trading) ranked 53th in the "2015 Business Next Web100 List" and 3rd in the most eye-catching website.
2015/06	Address Change of Head Office to 10F., No.12, Ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City.
2015/06	Re-invested digim Co., Ltd.
2015/06	518 (Human Resource) won the Commercial TimesSilver Medal Award of The Best Service in Taiwan.
2015/07	Won the Deloitte & Touche 2014 Deloitte Asia Pacific Technology Fast500 Award.
2015/08	Earnings transferred to increase was NT$94.5 million. After the transfer, the paid-in capital was NT$409.5 million.
2015/11	Set up the Operational Expansion.
2015/11	Re-invested Jackercleaning Co., Ltd.
2015/11	Won Forbes 2014 Asia’s 200 Best Listed SMEs.
2015/11	591(Property Trading) won The 12th National Yushan Brand Award –The Most Popular Brand First Prize Award. 8891(Cars Trading) and 518 (Human Resource) won The 12th National Yushan Brand Award –The Most Popular Brand.

Time	Milestones
2016/01	Google announced 2015 Taiwan Brand Search Rank: 591(Property Trading) ranked 8th.
2016/02	Business Next magazine published the 2016 Top 100 list of Taiwan Network Traffic: 8591 (virtual treasure trade) ranked 57th and 591(Property Trading) ranked 67th.
2016/05	Achieved the British Standards Institution (BSI) BS 10012:2009 Personal Information Management System (PIMS) international standard certification.
2016/06	Founding 100 (interior design website)
2016/08	Founding Marry (Wedding Service)
2017/06	101 Original Design was out of ADDCN.
2017/06	518 (Human Resource) won the Commercial Times Bronze Medal Award of The Best Service in Taiwan.
2017/06	Re-invested Cherri Tech, Inc.
2018/02	Founding Chickpt APP.
2018/06	Chickpt APP, Marry APP and 100 (Interior Design) APP won The 15th National Yushan Brand Award –The Best Product.
2018/07	518 (Human Resource) won the Commercial Times Bronze Medal Award of The Best Service in Taiwan.
2018/10	Set up 8591 (virtual treasure trade) website in HK.

III. Corporate Governance Report

1. Organization

1.1 Organizational Chart：



1.2 Major Corporate Functions：

Department		Functions
President’s Office		1. Executing resolutions of Board of Directors, leading the operation team to formulate operational strategies and promote various businesses. 2. To coordinate the management of the Board of Directors, the Shareholders’ Meeting, the issuance of external information and public relations.
Internal Auditing		To evaluate the implementation of internal control system and measure operational efficiency, and provide suggestions for improvement.
R & D		Responsible for the planning and development of websites and the device application of different platforms.
Operating		To construct a professional platform suitable for management and business.
IT		Information system backup and maintenance, network and data security; troubleshooting and software and hardware maintenance contractor liaison.
Operational expansion		To assist in various platform's business expansion and operation management of transnational organizations.
Administrative	General Affairs	Responsible for the procurement, management and maintenance of fixed assets, general and information supplies.
	HR	Responsible for human resource management and development, such as human resource planning, recruitment and appointment, salary, education and training.
	Financial	1. Budget preparation and control, implementation of accounting system, preparation of financial statements, statistics and analysis, tax planning and proceed of related project operations. 2. Responsible for fund dispatching, cash, bills and securities management and payment of various fees.
	Legal	Consultation and processing of legal issues.
	Media Purchasing	To promote our products through advertising media on various platforms.

2. Directors, Supervisors and Management Team：

2.1 Directors and Supervisors：

(1)Directors and Supervisors：

April 22, 2019

Title	Nationality	Name	Gender	Date Elected	Term (years)	Date First elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Republic of China	Liao, Shih-Fang	Male	2018.06.14	3	2007.01.17	2,956,142	6.94%	3,119,142	7.33%	1,751,755	4.11%	7,737,506	18.16%	Education: 1. Graduate School of Architecture, Tam Kang University 2. Department of Architecture, National Cheng Kung University Experience: 1. Chen Xin Chang Architects Assistant	Note 1	None	None	None
Director	Republic of China	Wu, Tsung-Hsien	Male	2018.06.14	3	2009.11.26	348,406	0.82%	396,406	0.93%	-	-	-	-	Education: 1.Department of Information Management, Yu Da University of Science and Technology Experience: 1. Product Manager, Dimension Computer Technology Co., Ltd.	Note 2	None	None	None
Director	Republic of China	Lin, Mei-Hui	Female	2018.06.14	3	2010.06.17	150,470	0.35%	162,470	0.38%	-	-	-	-	Education: 1. Enterprise Management, Chinese Junior College of Industrial and Commercial Management Experience: 1.Financial Manager, i-View Process Post-Production Corp.	Note 3	None	None	None

Title	Nationality	Name	Gender	Date Elected	Term (years)	Date First elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Republic of China	Cheng Yu investment ltd	-	2018.06.14	3	2018.06.14	2,254,024	5.29%	2,254,024	5.29%	-	-	1,138,846	2.67%	-	None	None	None	None
Director	Republic of China	Wang, Chung-Ping	Male	2018.06.14	3	2018.06.14	-	-	-	-	-	-	-	-	Education: 1. PhD., Accounting Institute, Jinan University, Guangzhou 2. Master, Business Administration, Soochow University Experience: Partner Accountants, Jia Wei & Co., CPAs	Note 4	None	None	None
Independent Director	Republic of China	Lien, Chi-Jui	Male	2018.06.14	3	2012.10.19	-	-	-	-	-	-	-	-	Education: 1. PhD., Science Education, University of Iowa, USA Experience: 1. Vice President, National Taipei University of Education 2. Professor, National Taipei University of Education	Note 5	None	None	None
Independent Director	Republic of China	Chen, Fu-Mei	Female	2018.06.14	3	2012.10.19	-	-	-	-	-	-	-	-	Education: 1. PhD, Business Administration, Soochow University Experience: 1. Teaching Assistant, National Taipei University of Technology 2. Lecturer and Teaching Assistant, National Taitung University	Note 6	None	None	None
Director	Republic of China	Rui Qi investment ltd	-	2018.06.14	3	2018.06.14	483,940	1.14%	483,940	1.14%	-	-	381,858	0.90%	-	None	None	None	None

Title	Nationality	Name	Gender	Date Elected	Term (years)	Date First elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Republic of China	Huang, Mu-Chuan	Male	2018.06.14	3	2012.10.19	-	-	-	-	-	-	-	-	Education: 1. Department of Accounting, Feng Chia University Experience: 1.Financial Manager, Futsu Construction Co., Ltd.	Note 7	None	None	None
Director	Republic of China	Chen, Chin-Han	Male	2018.06.14	3	2015.06.11	1,341	0.00%	1,341	0.00%	-	-	-	-	Education: 1.School of Law, Soochow University Experience: 1.Lawyer, Han Sheng law firm	Note 8	None	None	None

Note 1.(1)Chairman and General manager, i-View Process Post-Production Corp. (2) Corporate Chairman Representative, Magcom Co., Ltd (3) Chairman, ADDWE Technology Co., Ltd. (4)Chairman, Sheng Cheng investment ltd (5) Corporate Director Representative, Jia Lin investment ltd (6) Corporate Chairman Representative, Qian Yi investment ltd (7) Corporate Director Representative, Local Scenery Film Co., Ltd. (8) Supervisor, Catan Technology Co., Ltd (9) Corporate Director Representative, ADDCN(SAMOA) (10) Corporate Director Representative, addcn Technology (Shenzhen) Co., Ltd (11) Corporate Director Representative, ADDcn Technology (Hong Kong) Co., Ltd

Note 2. (1) GM, the Company (2) Director, Jia Wei investment ltd (3) Corporate Director Representative, digit marketing Co., Ltd

Note 3. (1)Operating Division Associate of The Company (2) Director, Han Ge international holdings ltd

Note 4. (1) Partner Accountants, Jia Wei & Co., CPAs (2) Supervisor, TaiDoc Technology Corporation. (3) Independent Director, Tex Year Industries Inc. (4) Corporate Supervisor Representative, Jia Lin investment ltd。

Note 5. Independent Director, Taiwan Taomee Co., Ltd

Note 6.(1) Manager, Office of Industry-Academia Cooperation, National Taipei University of Science and Technology (2) Director, Taiwan Small & Medium Enterprise Counseling Foundation

Note 7. Partnership accountant, Yangtze CPAs and Co.

Note 8. Attorney-in Charge, Han Sheng law firm.

(2)Major shareholders of the institutional shareholders：

April 22, 2019

Name of Institutional Shareholder	Major shareholder
Cheng Yu investment ltd	Lin, Hung-Chun(90.40%)
Rui Qi investment ltd	Chen, I-Chi(100.00%)

(3)Professional qualifications and independence analysis of directors and supervisors：

April 22, 2019

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Business, Legal Affairs, Finance, Accounting, Lecturer or above in Colleges in Related departments	Judge, Prosecutor, Attorney, CPA or National Certified Professionals	Business, Legal Affairs, Finance, Accounting or Related Work Experience	1	2	3	4	5	6	7	8	9	10	
Liao, Shih-Fang			✓	✓							✓	✓	✓	-
Wu, Tsung-Hsien			✓			✓	✓	✓	✓	✓	✓	✓	✓	-
Lin, Mei-Hui			✓			✓	✓	✓	✓	✓	✓	✓	✓	-
Cheng Yu investment ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wang, Chung-Ping			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Lien, Chi-Jui	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chen, Fu-Mei	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Rui Qi investment ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Huang, Mu-Chuan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chen, Chin-Han		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

（1） Not an employee of the Company or any of its affiliates.

（2） Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

（3） Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

（4） Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

（5） Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.

（6） Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.

（7） Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the Compensation committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Compensation committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEx".

（8） Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

（9） Not been a person of any conditions defined in Article 30 of the Company Act.

（10） Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

2.2 Management Team：

April 22, 2019

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager	Republic of China	Wu, Tsung-Hsien	Male	2007.01	396,406	0.93%	-	-	-	-	Education: 1. Department of Information Management, Yu Da University of Science and Technology Experience: 1. Product Manager, Dimension Computer Technology Co., Ltd.	Note 1	None	None	None
Deputy GM	Republic of China	Qiu, Jian-Ming	Male	2015.02	50,020	0.12%	1,000	0.00%	-	-	Education: 1. Department of Commercial Design, Ming Chuan University Experience: 1.GM, 518 Technology Co., Ltd	None	None	None	None
Associate, Management Division	Republic of China	Lin, Mei-Hui	Female	2007.06	162,470	0.38%	-	-	-	-	Education: 1. Enterprise Management, Chinese Junior College of Industrial and Commercial Management Experience: 1.Financial Manager, i-View Process Post-Production Corp.	Note 2	None	None	None
Manager, Finance Division	Republic of China	Chang, Chiao-Ni	Female	2012.06	21,107	0.05%	-	-	-	-	Education: 1. Accounting Department, Yuan Ze University Experience: 1.KPMG-Manager	None	None	None	None
Manager, Operating Division	Republic of China	Chen, Zi-Ning	Female	2016.05	10,800	0.03%	-	-	-	-	Education: 1. Department of Multimedia Design, Chihlee University of Technology Experience: 1. Website Designer, Hopa Enterprise & IT Consultancy Ltd. 2. Website Designer, TGsoft Technology Co., Ltd	Note 3	None	None	None
Deputy Manager, Audit Division	Republic of China	Xu, Yun-Qian	Female	2015.08	3,600	0.01%	-	-	-	-	Education: 1. Department of Finance, Hsuan Ceuang University. Experience: 1. Audit Specialist,	None	None	None	None

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
											Taiwan Surface Mounting Technology Corp.				
Director IT	Republic of China	You, Shun-Yuan	Male	2009.12	7,908	0.02%	-	-	-	-	Education: 1. Secretarial Science, Chungyu Institue of Technology Experience: 1. IT, Car Quality Automotive Co., Ltd	None	None	None	None
Deputy Manager, Public Relationship	Republic of China	Yu, Chu-Yu	Male	2014.06	2,400	0.01%	-	-	-	-	Education: 1. Department of Banking and Finance, TKU Experience: 1. Corporate Finance Department, Cathay Financial Holdings Co. Ltd.	None	None	None	None

Note 1. (1) Director, Jia Wei investment ltd (2) Corporate Director Representative, digim Co., Ltd
Note 2. Director, Han Ge international holdings ltd
Note 3. The staff resigned in March 2019
Note 4. The Company GM Wu, Tsung-Hsien helds a part-time position of R&D manager.

3. Remuneration of Directors, Supervisors, President, and Vice President：

3.1 Remuneration of Directors：

Unit: NT$ thousand

Title	Name	Director remuneration								The sum of A, B, C and D as a percentage of after-tax net profit		Remuneration from other jobs								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Remuneration from reinvested businesses other than subsidiaries
		Remuneration (A)		Retirement pension (B)		Director remuneration (C)		Business execution expenses (D)				Remuneration, bonus and special fees (E)		Retirement pension (F)		Employee remuneration (G)						
																The Company		All companies in the consolidated financial statements				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	All companies in the consolidated financial statements	
Chairman	Liao, Shih-Fang	2,170	2,170	-	-	5,231	5,231	280	280	1.29%	1.29%	17,256	19,312	-	-	29,034	-	29,034	-	9.06%	9.41%	-
Director	Wu, Tsung-Hsien																					
Director	Lin, Mei-Hui																					
Director	Lin, Hung-Chun (Note 1)																					
Director	Chen, I-Chi (Note 1)																					
Director	Cheng Yu investment ltd (Note 2)																					
Director	Wang, Chung-Ping (Note 2)																					
Independent Director	Lien, Chi-Jui																					
Independent Director	Chen, Fu-Mei																					

Note 1. Resignation on June 14, 2018

Note 2. Reelection newly on June 14, 2018

Range of Remuneration:

Range of Remuneration	Director name			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements H	The Company	Companies in the consolidated financial statements I
Lower than 2,000,000	Liao, Shih-Fang Lin, Hung-Chun Wu, Tsung-Hsien Lin, Mei-Hui Chen, I-Chi Cheng Yu investment ltd Wang, Chung-Ping Lien, Chi-Jui Chen, Fu-Mei	Liao, Shih-Fang Lin, Hung-Chun Wu, Tsung-Hsien Lin, Mei-Hui Chen, I-Chi Cheng Yu investment ltd Wang, Chung-Ping Lien, Chi-Jui Chen, Fu-Mei	Liao, Shih-Fang Lin, Hung-Chun Chen, I-Chi Cheng Yu investment ltd Wang, Chung-Ping Lien, Chi-Jui Chen, Fu-Mei	Liao, Shih-Fang Lin, Hung-Chun Chen, I-Chi Cheng Yu investment ltd Wang, Chung-Ping Lien, Chi-Jui Chen, Fu-Mei
2,000,000 (inclusive) - 5,000,000 (exclusive)	-	-	-	-
5,000,000 (inclusive) - 10,000,000 (exclusive)	-	-	-	-
10,000,000 (inclusive) - 15,000,000 (exclusive)	-	-	Lin, Mei-Hui	Lin, Mei-Hui
15,000,000 (inclusive) - 30,000,000 (exclusive)	-	-	-	-
30,000,000 (inclusive) - 50,000,000 (exclusive)	-	-	Wu, Tsung-Hsien	Wu, Tsung-Hsien
50,000,000 (inclusive) - 100,000,000 (exclusive)	-	-	-	-
100,000,000 or more	-	-	-	-
Total	9	9	9	9

3.2 Remuneration of Supervisors：

Unit: NT$ thousand

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income		Remuneration from reinvested businesses other than subsidiaries
		Remuneration (A)		Bonus to Supervisors (B)		Business execution expenses (C)				
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	
Supervisor	Huang, Mu-Chuan	1,085	1,085	2,092	2,092	120	120	0.55%	0.55%	-
Supervisor	Chen, Chin-Han									
Supervisor	LE LE investment ltd(Note 1)									
Supervisor	Rui Qi investment ltd(Note 2)									

Note 1. Resignation on June 14, 2018
Note 2. Reelection newly on June 14, 2018

Range of Remuneration:

Range of Remuneration	Name of Supervisor	
	Total amount of the first three remunerations (A+B+C)	
	The Company	Companies in the consolidated financial statements D
Lower than 2,000,000	LE LE investment ltd Huang, Mu-Chuan Chen, Chin-Han Rui Qi investment ltd	LE LE investment ltd Huang, Mu-Chuan Chen, Chin-Han Rui Qi investment ltd
2,000,000 (inclusive) - 5,000,000 (exclusive)	-	-
5,000,000 (inclusive) - 10,000,000 (exclusive)	-	-
10,000,000 (inclusive) - 15,000,000 (exclusive)	-	-
15,000,000 (inclusive) - 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) - 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) - 100,000,000 (exclusive)	-	-
100,000,000 or more	-	-
Total	4	4

3.3 Remuneration of the President and Vice President：

Unit: NT$ thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special fees (C)		Employee remuneration (D)				The sum of A, B, C and D as a percentage of after-tax net profit(%)		Remuneration from reinvested businesses other than subsidiaries
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Wu, Tsung-Hsien	6,138	6,138	-	-	13,532	15,588	31,133	-	31,133	-	8.53%	8.88%	-
Deputy GM	Qiu, Jian-Ming													

Range of Remuneration:

Range of Remuneration	Name of General Manager and Deputy GM	
	The Company	Companies in the consolidated financial statements
2,000,000 (inclusive) - 5,000,000 (exclusive)	-	-
5,000,000 (inclusive) - 10,000,000 (exclusive)	-	-
10,000,000 (inclusive) - 15,000,000 (exclusive)	Qiu, Jian-Ming	Qiu, Jian-Ming
15,000,000 (inclusive) - 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) - 50,000,000 (exclusive)	Wu, Tsung-Hsien	Wu, Tsung-Hsien
50,000,000 (inclusive) - 100,000,000 (exclusive)	-	-
100,000,000 or more	-	-
Total	2	2

3.4 Managers with Employee Remuneration Distribution：

Unit: NT$ thousand

	Title	Name	Stock Bonus	Cash Bonus	Total	Ratio of Total Amount to Net Income (%)
Management team	General Manager	Wu, Tsung-Hsien	-	41,461	41,461	6.96%
	Deputy GM	Qiu, Jian-Ming				
	Associate, Management Division	Lin, Mei-Hui				
	Manager, Financial Division	Chang, Chiao-Ni				
	Manager, Operating Division (Note 2)	Chen, Zi-Ning				
	Deputy Manager, Audit Division	Xu, Yun-Qian				
	Director, IT Division	You, Shun-Yuan				
	Deputy Manager, Public Relationship	Yu, Chu-Yu				

Note 1: The amount distributed was the amount of the proposed distribution approved by the Board of Directors.
Note 2: The staff resigned in March 2019

3.5 Comparison and explanation of the analysis of the ratio of total remuneration (paid to the Directors, Supervisors, General Manager and Deputy General Managers of the Company by the Company and all the companies in the consolidated statements in the last two years) to net profit after tax and the correlation among the remuneration payment policy, standards and combinations, the procedures for setting the remuneration, the business performance and future risks：

(1) Analysis of the ratio of total remuneration paid by the Company and Companies in the consolidated financial report to its Directors, Supervisors, General Manager and Deputy General Managers in the last two years to net profit after tax on parent company only or consolidated financial reports is as follows：

Unit: NT$ thousand

Title	2017				2018			
	Total Remuneration		Ratio to Net Profit after Tax		Total Remuneration		Ratio to Net Profit after Tax	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Director	7,585	7,585	1.20%	1.20%	7,681	7,681	1.29%	1.29%
Supervisor	3,075	3,075	0.48%	0.48%	3,297	3,297	0.55%	0.55%
General Manager and Deputy GM	51,565	51,565	8.13%	8.13%	50,803	52,859	8.53%	8.88%

(2)The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance：

(A) Directors and Supervisors: According to the Articles of Incorporation of the Company, the remuneration of directors and supervisor shall not be more than 3% of the distributed earnings.

(B) General Manager and Deputy General Manager (Level): The remuneration of General Manager and Deputy General Manager (Level) is salary and cash remuneration for employees, which is determined according to their positions, responsibilities and contributions to the Company, and taking into account the level of their peers.

(C) The remuneration of directors, supervisors and managers shall be regularly assessed and set by the Compensation committee of the Company and submitted to the Board of Directors for approval.

(D) Future risk: In order to prevent risks, the Company has insured directors, supervisors and managers liability insurance.

4. Implementation of Corporate Governance：

4.1 Board of Directors：

A total of 8 (A, 3 times in the 4th; 5 times in the 5th) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows ：

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) [B/A]	Remarks
Chairman	Liao, Shih-Fang	8	0	100.0%	Re-elected on June 14, 2018
Director	Wu, Tsung-Hsien	8	0	100.0%	Re-elected on June 14, 2018
Director	Lin, Mei-Hui	8	0	100.0%	Re-elected on June 14, 2018
Director	Lin, Hung-Chun	3	0	100.0%	Resignation on June 14, 2018

Director	Chen, I-Chi	3	0	100.0%	Resignation on June 14, 2018
Director	Cheng Yu investment ltd	5	0	100.0%	Reelection newly on June 14, 2018
Director	Wang, Chung-Ping	5	0	100.0%	Reelection newly on June 14, 2018
Independent Director	Lien, Chi-Jui	8	0	100.0%	Re-elected on June 14, 2018
Independent Director	Chen, Fu-Mei	8	0	100.0%	Re-elected on June 14, 2018
Supervisor	LE LE investment ltdRepresentative:Chien, Hung-Chang	3	0	100.0%	Resignation on June 14, 2018
Supervisor	Huang, Mu-Chuan	8	0	100.0%	Re-elected on June 14, 2018
Supervisor	Chen, Chin-Han	8	0	100.0%	Re-elected on June 14, 2018
Supervisor	Rui Qi investment ltd	5	0	100.0%	Reelection newly on June 14, 2018

Other matters to be recorded:

1. The Company does not have any of the items listed in Article 14-3 of the Securities and Exchange Act or other matters that have been rejected or reserved by independent directors and have been discussed by the Board of Directors with a record or written statement.
2. Execution of directors' avoidance of interest proposals: Directors shall evade participation in discussions and voting on their remuneration related proposals.
3. The goals for strengthening the board's functions in the current and the previous year (e.g., establishment of an audit committee, promotion of information transparency, etc.) and assessment of the implementation:
   (1) Implement corporate governance and improve information transparency: The Board of Directors operates in accordance with the meeting procedures of the Board of Directors and convened the Board meeting of the Company in accordance with these procedures. The implementation is good.
   (2) The Company has a dedicated person responsible for disclosure of monthly revenue and major information and according to regulations post to MOPS.

4.2 Audit Committee or Attendance of Supervisors at Board Meetings：

(1) Audit Committee：The Company has not set up an audit committee.

(2) Attendance of Supervisors at Board Meetings：

A total of 8 (A, 3 times in the 4th; 5 times in the 5th) meetings of the Board of Directors were held in the previous period. The attendance of supervisors was as follows:

Title	Name	Actual no. of meetings attended (B)	Actual attendance rate (%) (B/A)	Remark
Supervisor	LE LE investment ltdRepresentative:Chien, Hung-Chang	3	100.0%	Resignation on June 14, 2018
Supervisor	Huang, Mu-Chuan	8	100.0%	Re-elected on June 14, 2018
Supervisor	Chen, Chin-Han	8	100.0%	Re-elected on June 14, 2018
Supervisor	Rui Qi investment ltd	5	100.0%	Reelection newly on June 14, 2018

Other matters to be recorded:

1. Composition and responsibilities of Supervisors:
   (1) Communication between Supervisors and Company employees and shareholders (i.e., communication channels, methods, etc.):The company has a person who can contact the supervisor at any time to establish communication channels with the company's employees and shareholders.
   (2) Communication between Supervisor and the Head of Internal Audit and the accountant (i.e., the items of

communication concerning the Company's financial and business conditions, the methods and the results): There are direct connections between supervisors, internal auditors and accountants.

2. If Supervisors state their opinions in a board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the results of the board resolution and the Company's handling of the Supervisors' opinions: The Company did not encounter this situation.

4.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies":

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company follow the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and has the company established and disclosed its own Corporate Governance Best Practice Principles?	✓		The Company has established the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies. It's disclosed on the company's official website and Market Observation Post System.	No major difference
2. The company's shareholding structure and shareholders' equity				No major difference
(1) Has the company set up internal operating procedures to handle shareholder proposals, doubts, disputes and litigation matters and followed the procedures?	✓		(1) The company has set up a dedicated office to handle shareholder proposals, doubts, disputes and matters, and set up Shareholder Services and contacts on the company's official website.	
(2) Does the company have a list of its major shareholders and the ultimate controllers of the major shareholders?	✓		(2) The company regularly updates the shareholders' roster with the stock agency, and obtains the list of the main shareholders and their final controllers who actually control the company.	
(3) Has the company established and implemented risk management and firewall mechanisms with its affiliates?	✓		(3) The company has established relevant systems in the internal control system in accordance with the law, and has effectively controlled the risks between the company's affiliates.	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Has the company set up an internal standard to prohibit the insiders' use of private information to trade securities?	✓		(4) The company has formulated relevant regulations to prevent insider trading in order to protect the equity of investors and the company, and disclosed relevant measures on the company's official website.	
3. The composition and duties of the board of directors				No major difference
(1) Has the board of directors formulated a diversified approach based on the composition of its members and implemented it?	✓		(1) The board members of the company are professionals from the academic and industry, and their qualifications and election procedures are in accordance with the relevant provisions.	
(2) Has the company set up other types of functional committees voluntarily in addition to the Compensation committee and the audit committee according to law?	✓		(2) In addition to the Compensation committee established in accordance with the regulations, the company established M&A committee in 2016.	
(3) Has the company set up a performance appraisal method and an assessment method for the board of directors, and conducted performance appraisal on a regular basis every year?	✓		(3) The board of directors shall act in accordance with the relevant provisions and conduct performance appraisal as necessary in the future.	
(4) Does the company regularly evaluate the independence of its certifying accountants?	✓		(4) The company's certifying accountants have shunned their commitments and those who have direct or indirect interests in themselves, and the company continuously and regularly evaluates the independence of its certifying accountants.	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
4. Has the TWSE/TPEx listed company set up a dedicated (or concurrent) corporate governance unit or appointed personnel responsible for corporate governance related matters (including but not limited to providing the directors and supervisors with required information to carry out their business, handling corporate registration and change of corporate registration related matters and taking the minutes of board meetings and shareholders' meetings)?	✓		The Company has established the Corporate Governance Best Practice Principles and disclosed on the company's official website. The implementation of corporate governance related affairs has been well so far.	No major difference
5. Has the company established a communication channel with interested parties (including but not limited to shareholders, employees, customers and suppliers), set up an interested party page on the company's website, and responded appropriately to interested parties concerning important corporate social responsibility issues?	✓		The company has set up an interested party page on its website to provide contact information for spokespersons and interested parties, and maintain smooth communication channels with shareholders, employees, customers and suppliers. The concerns and responses of interested parties: A. Shareholders/Investors: Focus on the issues of company's operating performance, financial business status, and market image. To communicate with investors through annual shareholder meetings and irregular company's corporate briefing. There is also a spokesperson system to answer investors' questions in order to provide investors with highly transparent financial business information. B. Employees: Focus on issues	No major difference

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			such as employee welfare, education and training. T communicate and respond to employee needs through internal websites, internal communication software, face-to-face, telephone and employee opinion boxes. C. Customers: Focus on the issues of website operation. To provide contact information for members of various platforms on the company's official website and respond to customer questions through customer service line and mailbox. D. Suppliers: Focus on the issues of equipment maintenance. To provide contact information for members of various platforms on the company's official website and communicate with suppliers through meetings, teleconferences, telephone and mails.	
6. Does the company appoint a professional stock agency to handle shareholders' meeting related affairs?	✓		The Company has appointed Capital Securities Corp. as the stock agency to handle shareholders' meeting related affairs.	No major difference
7. Information disclosure (1) Has the company set up a website to disclose financial and corporate governance information?	✓		(1) The company has set up an official website, which is maintained by a dedicated person and regularly discloses relevant information.	No major difference

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a dedicated person responsible for the collection and disclosure of company information, implementing the spokesman system, and posting the company's corporate briefing process on the website, etc.)?	✓		(2) The company has a dedicated person responsible for the collection and disclosure of company information, such setting up Chinese and English investor services on the company's official website, and implementing the spokesman system and acting spokesperson system in accordance with the regulations.	
8. Does the Company have any other important information (including but not limited to employees' rights, employee care, investor relations, supplier relationship, equity of interested parties, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		A.Employee equity and employee care: Set up the Employee Welfare Committee to handle all welfare matters through the committee elected by employees and pensions are also allocated in accordance with the Labor Pension Act. All the relevant regulations and measures of the company are in conformity with the relevant laws and regulations, and the implementation is in good condition. All new or revised measures related to labor relations are finalized after full agreement and communication between the two sides in order to achieve a win-win situation. B.Investor relations: The company has designated responsible units to collect relevant information and disclosure of the company, and has spokespersons, acting spokespersons and the company's stock agency to provide shareholders, investors to consult the company on related issues.	No major difference

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			C.Supplier relationship: In addition to maintain procurement quality, the company's supplier management operations also establish long-term close relationship, collaboration, mutual trust and mutual benefit, common pursuit of sustainable win-win growth with suppliers. D.Equity of interested parties: The company maintains smooth communication channels with banks, employees, customers and suppliers, respecting and safeguarding their legitimate equity. There is also a spokesperson system to answer investors' questions in order to provide investors with highly transparent financial business information. E.Training for the directors and supervisors: All directors of the company are required to attend refresher courses and corporate governance related courses, and the company will irregularly arrange appropriate refresher courses for directors. F.Implementation of risk management policies and risk measurement standards: The company formulates rules and regulations according to law, carries out risk assessment and implements internal auditing operations. G.Implementation of customer policy: The company is committed to provide customers with all-round services and	

Evaluation Item	Implementation Status (Note 1)			Deviations from "the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			safeguards. In the face of complaints from customers, we communicate fully with customers and understand their needs in order to promote the interaction between the company and customers. We irregularly review and improve within company's internal meetings. H.Purchase of liability insurance for directors and supervisors: The company has insured the directors and supervisors with liability insurance to strengthen the protection of shareholders' equity. I.Operation of the Board of Directors: The company's directors and supervisors attend a high rate, has indeed supervised the operation of corporate governance. The directors of the company adhere to the principle of high self-discipline. If they are involved in doubts that the issues listed by the board of directors may harm the interests of the company, they shall not vote.	
9. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved The company has completed the self-evaluation of corporate governance evaluation in 2017, and reviewed and improved according to the evaluation results, and achieved a balance between the company's operations, and continued to promote in order to meet the relevant provisions.				

4.4 omposition, Responsibilities and Operations of the Remuneration Committee：

(1)Professional Qualifications and Independence Analysis of Remuneration Committee Members：

Identity	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience Independence			Independence Criteria								No. of other listed companies working as Compensation committee member for	Remarks
		Business, Legal Affairs, Finance, Accounting, Lecturer or above in Colleges in Related departments	Judge, Prosecutor, Attorney, CPA or National Certified Professionals	Business, Legal Affairs, Finance, Accounting or Related Work Experience	1	2	3	4	5	6	7	8		
Independent Director	Lien, Chi-Jui	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Director	Chen, Fu-Mei	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Others	Lu, Fang-Jung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-

Note 1: Please fill in director, independent director or others as the identity.

Note 2: If the member meets any of the following conditions during the two years before the position and during the term of office, please tick in the spaces below the conditions.

(1) Is not an employee of the Company or its affiliate.

(2) Is not a director or supervisor of the Company or its affiliates (except in the case of an independent director of the Company or the its parent company or subsidiary who directly or indirectly holds more than 50% of the total issued shares of the subsidiary).

(3) Is not a top ten shareholder or a shareholder who holds more than one percent of the total issued shares of the Company by him/herself or through his/her spouse, minor children or other persons.

(4) Is not a spouse or 2nd-degree relative or above or 3rd-degree linear relative of the persons listed in the preceding three paragraphs.

(5) Is not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a director, supervisor or employee of a top-five corporate shareholder.

(6) Is not a director, supervisor or manager of a particular company or organization that is related with the Company either financially or on business, or a shareholder with more than 5% of the shares of the Company.

(7) Is not a professional or a business owner, partner, director, supervisor, manager or a spouse of any of the persons above of a sole proprietorship, partnership, corporation or institution which provides the Company or its affiliates with business, legal, financial, accounting, consulting or other services.

(8) Does not have any of the circumstances in Article 30 of the Company Act.

Note 3: If the identity is director, please indicate whether they meet the requirements of Article 6, paragraph 5 of the Regulations on the "Regulations Governing the Appointment and Exercise of Powers by the Compensation committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

(2)Attendance of Members at Remuneration Committee Meetings：

(A) The Company's Compensation committee is composed of three people.

(B) Current member's tenure: From June 14, 2018 to June 14, 2021. The Compensation committee held three meetings (A) in the past year, and the member qualifications and attendance are as follows：

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A)(Note)	Remarks
Convener	Lien, Chi-Jui	3	-	100%	—
Member	Chen, Fu-Mei	3	-	100%	—
Member	Lu, Fang-Jung	3	-	100%	—

Other matters to be recorded:

1. If the board of directors did not adopt or amend the suggestion of the Compensation committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the company's handling of the suggestion of the Compensation committee (if the remuneration passed by the board is better than the suggestion of the Compensation committee, please state the difference and the reasons): None.
2. If any member had objections or reservations about the resolution of the Compensation committee and there is a record or a written statement, please indicate the date and session number of the Compensation committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled: None.

4.5 Corporate Social Responsibility：

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Explanation (Note 2)	
1. Implementation of Corporate Governance				No major difference
(1) Has the company set up a corporate social responsibility policy or system and a review of the implementation effectiveness?	✓		(1) The company has set up the "Corporate Social Responsibility Best Practice Principles" to actively practice corporate social responsibility while operating.	
(2) Does the company regularly conduct social responsibility education and training?	✓		(2) The company regularly organizes education and training and publicizes relevant policies, so as to enhance employees' understanding and attention to social responsibility.	
(3) Has the company set up a dedicated (or concurrent) corporate social responsibility promotion unit which is authorized by the board of	✓		(3) The company has not set up a dedicated (or concurrent) unit or personnel, but the board of directors and management are deeply aware of its	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Explanation (Note 2)	
directors to be managed by the high-level management and reports to the board of directors?			importance and strive to move towards the goal.	
(4) Has the company formulated a reasonable remuneration policy and combined the staff performance appraisal system with the corporate social responsibility policy, and set up a clear and effective reward and punishment system?	✓		(4) The company has formulated an effective internal control cycle and has a complete system for employee performance appraisal or remuneration adjustment. In addition, the company regularly educates employees about the importance of corporate social responsibility, and properly combines remuneration and corporate social responsibility policies.	
2. Development of Sustainable Environment				No major difference
(1) Is the company committed to improving the efficiency in the use of resources, and the use of recycled materials with low environmental impact?	✓		(1) The company has implemented waste classification in order to enhance the effective reuse of various resources.	
(2) Has the company established an appropriate environmental management system according to its industrial characteristics?	✓		(2) The company has formulated appropriate system according to the characteristics of the industry, and complied with various environmental protection related laws and regulations, no violation occurred.	
(3) Is the company aware of the impact of climate change on its operations, and has it implemented greenhouse gas checking and developed a strategy for reduction of energy consumption and carbon emission as well as greenhouse gas reduction?	✓		(3) The company regularly publicizes the living habits of saving water and electricity, and cooperates with government policies to reduce the impact on the environment.	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Explanation (Note 2)	
3. Social welfare (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) The company has formulated relevant management policies and procedures in accordance with the laws and regulations to ensure compliance with the principles of labor rights and to protect the legitimate equity of employees.	No major difference
(2) Has the company set up an employee complaint mechanism and channel, and properly handles employee complaints?	✓		(2) The company has set up employee opinion mailboxes, provides channels for employee complaints, and handles employee complaints in accordance with relevant regulations, in order to protect employee equity.	
(3) Does the company provide a safe and healthy working environment for employees and regularly carry out safety and health education for employees?	✓		(3) The company provide a safe and healthy working environment for employees: A. The office is equipped with adequate lighting, clear emergency escape routes and exits, fixed-point emergency kits and Automated External Defibrillators. The building maintains elevator equipment, firefighting facilities and disinfection working environment, and conducts firefighting maintenance drills and CPR training every year. The entrance guard management measures adopt the double guarantee of face recognition and security systems to maintain the safety of all employees' working environment. B. To provide annual physical examination for employees to ensure their physical and	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Explanation (Note 2)	
			mental health. And set up a breastfeeding room to provide mothers with all kinds of intimate equipment and space needed for breastfeeding.	
(4) Has the Company established a mechanism for regular employee communication and keep them informed in a reasonable manner of the changes in the operation which may have a significant impact on the employees?	✓		(4) The company has set up a bulletin board and staff opinion mailbox, and regularly labor meetings and welfare committee and other communication channels to ensure the equity of employees and smooth communications.	
(5) Has the company developed an effective training program for employees?	✓		(5) The company regularly conducts education and training to provide employees with career development capabilities. For supervisors, middle and hive-level supervisors' courses are planned annually to train decision-making and judgment ability through professional training。	
(6) Has the company formulated relevant policies and complaint procedures for the protection of consumers' rights in respect of R&D, procurement, production, operations and service processes?	✓		(6) The company has established policies for protecting consumer rights in each process, and provides communication channels such as customer service mailboxes and lines on the website, and is handled by dedicated customer service personnel. Consumers shall protect their equity through the appeal procedure.	
(7) Does the company comply with relevant laws and regulations and international standards for the marketing and labeling of products and services?	✓		(7) The marketing and labeling of the services or products provided by our company are in accordance with relevant regulations and international	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Explanation (Note 2)	
			standards.	
(8) Does the company check whether a supplier has any record of environmental and social impact before doing any business with the supplier?	✓		(8) The company has a review standard and service evaluation procedure for suppliers, and a complete evaluation procedure has been established before transactions to ensure that the products or services provided by suppliers can meet the requirements of the company and government regulations.	
(9) Does the contract between the company and its principal supplier contain the condition that the contract may be terminated at any time if the supplier is involved in a policy that violates its corporate social responsibility and has a significant impact on the environment and society?	✓		(9) The contract between the company and suppliers does not contain any cases of violation of relevant policies so far. When the contract is renewed with the main suppliers, relevant provisions will be added in time, expecting to fulfill corporate social responsibility.	
4.Strengthening information disclosure				No major difference
(1) Does the company disclose relevant and reliable information on corporate social responsibility on its website and MOPS?	✓		(1) The company discloses information on the performance of social responsibility in annual report and prospectus.	
5. If the company has its own corporate social responsibility code in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, please describe the difference between its operation and the prescribed code: No major difference.				
6. Other important information to help understand the operation of corporate social responsibility: （1）Environmental protection: The company manages environmental protection in accordance with the law. （2）Community participation, social contribution, services and welfare: In the event of major natural disasters at home and abroad, the company actively responds to the government's disaster relief, and calls on employees to jointly respond and organize corporate donation activities. （3）Consumer equity: The company's operating websites have customer service lines to deal with customer complaints. （4）Human rights: The employees of the company, regardless of gender, religion or partisanship, are equal in employment opportunities. The company also provides a good working				

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Explanation (Note 2)	
environment to ensure that employees are free from discrimination and harassment. （5）Safety and health: The company's safety and health matters are in line with government laws and regulations. （6）Other social responsibilities: A.The company has created many high-quality employment opportunities, and has set up welfare committees, implemented the pension system, handled various staff training courses, and attached great importance to harmonious labor relations. B.The company promotes energy conservation, carbon reduction and resource reuse.				
7. Please state if the company's corporate social responsibility report passes the relevant verification agencies' verification criteria: None				

4.6 Ethical Corporate Management：

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Illustration	
1. Setting business integrity (1) Does the company express its commitment to the policies and practices of integrity management in its regulations and in the external documents, and do the board of directors and the management actively implement the business policies?	✓		(1) The company has established Ethical Corporate Management Best Practice Principles, and the board of directors and management team are deeply aware of its importance to establish a good business operation and integrity corporate culture standards, and strive to move toward the goal.	No major difference
(2) Has the company set up a program for the prevention of dishonesty as well as the procedures, conduct guidelines and a disciplinary and appeals system in various programs and implemented them?	✓		(2) The company has clearly standardized the precautionary plan and handling procedures in the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct. The company also learns and promotes through external	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Illustration	
			training "Exploratory Education Course" of enterprises every year.	
(3) Has the Company adopted precautionary measures in respect of business activities with a high risk of dishonesty in Article 7 (2) of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(3) The company has established an effective and rigorous accounting and internal control systems, coupled with the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct, should be able to effectively prevent the risk of dishonest conduct of business activities.	
2. Implementation of integrity management				No major difference
(1) Does the company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner?	✓		(1) The company's Procedures for Ethical Management and Guidelines for Conduct standardizes when signing contracts with others, should fully understand other's integrity management status. In the future, we will incorporate integrity management into the terms of the contract or specify the integrity matters.	
(2) Has the company set up a dedicated (or concurrent) corporate integrity promotion unit under the board of directors which regularly reports to the board on its work?	✓		(2) The company designates the Administrative as the responsible unit to handle the revision, implementation, interpretation, consulting services and notification contents regulations filing, and the Internal Auditing shall report regularly to the board of directors.	
(3) Has the company formulated policies to prevent conflicts of interest, provided appropriate	✓		(3) The company's Ethical Corporate Management Best Practice Principles and	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Illustration	
channels for statements and implemented them?			Procedures for Ethical Management and Guidelines for Conduct clearly require directors who have an interest in the issues listed by the board of directors to state their opinions and answer questions, and to avoid discussing and voting on them. When a staff encounters a conflict of interest in carrying out his business, he shall report it to his immediate supervisor.	
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, which is checked by the internal auditing unit on a regular basis or audited by external auditors?	✓		(4) The company has established an effective accounting system and internal control system, and the internal auditing unit carry out various auditing operations according to the audit plan.	
(5) Does the company hold regular internal and external training on business integrity?	✓		(5) The company regularly organizes education training and publicity, in order to enhance staff's understanding and attention to integrity management.	
3. Operation of the Company Reporting System				No major difference
(1) Has the company set up specific reporting and reward systems and a convenient reporting channel, and does the company assign appropriate personnel to investigate the person being reported?	✓		(1) The company has provided complaint mailboxes and lines on its website and internal website for internal and external personnel to use. The specific reporting and reward systems have also been set in the Procedures for Ethical Management and Guidelines for Conduct.	
(2) Has the company set up standard investigation procedures and a	✓		(2) In the relevant provisions, the company has formulated	

Evaluation Item	Implementation Status (Note 1)			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Abstract Illustration	
related confidentiality mechanism for the matter being reported? (3) Does the company take measures to protect the reporter from improper treatment?	✓		standard operating procedures and relevant confidentiality mechanisms for accepting complaints. (3) In the relevant provisions, the company has promised that the reporter will not be improperly treated, and the specialized unit will handle the matter in accordance with the relevant provisions.	
4. Strengthening of Information Disclosure (1) Does the company disclose the contents of its Ethical Corporate Management Best Practice Principles and the effectiveness on its website and MOPS?	✓		(1) The company has set up an enterprise website, which is maintained by dedicated personnel and regularly discloses relevant information.	No major difference
5. If the Company has its own Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them: No major difference.				
6. Other important information that will help to understand the operation of the company's integrity: The company will always pay attention the development of the relevant practices of the integrity management and review the improvement of the company's Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct to enhance the effectiveness of integrity management.				

4.7 Corporate Governance Guidelines and Regulations：.

The Company has its Corporate Governance Best Practice Principles which can be checked on MOPS or the Company's website by investors.

4.8 Other Important Information Regarding Corporate Governance:

Please refer to MOPS: http://mops.twse.com.tw (corporate governance)

Or refer to the company’s website: https://www.addcn.com.tw

4.9 Internal Control Systems：

Please refer to page 30 of the Chinese annual report.

4.10 Major Resolutions of Shareholders' Meeting and Board Meetings：

(1)Important resolutions of the shareholders' meeting in 2018 and as of the date of publication of the annual report：

<table>
<tr><th>Date</th><th>Resolution content</th><th>Status of implementation</th></tr>
<tr><td rowspan="5">June 14, 2018 Shareholders' Meeting</td><td>1.The Company's 2017 business report and financial statements</td><td>It has been handled in accordance with the resolution.</td></tr>
<tr><td>2.The Company's 2017 profit distribution</td><td>It has been handled in accordance with the resolution. Proposed July 15, 2018 as the record date, and August 10, 2018 as the payment date (cash dividend of NT$$12.0 per share).</td></tr>
<tr><td>3.Capital reserve cash dividend</td><td>It has been handled in accordance with the resolution. Proposed July 15, 2018 as the record date, and August 10, 2018 as the payment date (cash dividend of NT$$3.5 per share).</td></tr>
<tr><td>4.Re-election of Directors and Supervisors</td><td>The list of candidates is as follows:
<table>
<tr><th>Title</th><th>Account (Name)</th></tr>
<tr><td>Director</td><td>Liao, Shih-Fang</td></tr>
<tr><td>Director</td><td>Wu, Tsung-Hsien</td></tr>
<tr><td>Director</td><td>Lin, Mei-Hui</td></tr>
<tr><td>Director</td><td>Cheng Yu investment ltd</td></tr>
<tr><td>Director</td><td>Wang, Chung-Ping</td></tr>
<tr><td>Independent Director</td><td>Lien, Chi-Jui</td></tr>
<tr><td>Independent Director</td><td>Chen, Fu-Mei</td></tr>
<tr><td>Supervisor</td><td>Huang, Mu-Chuan</td></tr>
<tr><td>Supervisor</td><td>Chen, Chin-Han</td></tr>
<tr><td>Supervisor</td><td>Rui Qi investment ltd</td></tr>
</table></td></tr>
<tr><td>5.Removal of restrictions on competition of new directors and their representatives</td><td>It has been handled in accordance with the resolution.</td></tr>
</table>

(2)Important resolutions of the board meetings in 2018 and as of the date of publication of the annual report：

Date	Resolution content summary
Mar. 15, 2018	1. Reviewed the 2017 remuneration distribution to employees, directors and supervisors.
	2. The 2017 business report and financial statements.
	3. The 2017 profit distribution proposal.
	4. The capital reserve cash dividend proposal.
	5. Re-election of Directors and Supervisors proposal.
	6. Acceptance of shareholder proposals and nomination of independent director candidates.

Date	Resolution content summary
	7. Removal of restrictions on competition of new directors and their representatives.
	8. Appointed KPMG for the 2018 financial statements auditing and certification and business income tax auditing and certification service and professional charge.
	9. Proposed revision of the Company's " Compensation committee Charter".
	10. The Company’s 2017 “Evaluation of Overall Efficacy of Internal Control Systems” and “Internal Control System Statements”.
	11. Recognition for the Company making distinct classification of industries when it went TEPx-listed.
	12. Reviewed the plan of performance bonus payment for subsidiary managers in 2017.
	13. Convening of Shareholders' Meeting in 2018.
Apr. 26, 2018	1. Proposed revision of the Company's "Internal Control System".
	2. Proposed revision of the Company's "Internal Audit Implementation Rule".
	3. Reviewed the Company’s list of candidates for Independent Directors nominated by the 2018 Shareholders’ meeting.
May 10, 2018	1. Reviewed the 2017 employee dividend distribution for directors and supervisors and managers.
	2. Reviewed annual appointments, promotions and salary adjustments of managers.
Jun. 14, 2018	1. Election of the Fifth Chairman of the Company.
Aug. 9, 2018	1. Capital increase of ADDcn Technology (HK).
	2. Reviewed the Group managers' participation in the capital increase of ADDcn Technology (HK).
Sep. 6, 2018	1. Appointed the members of the Compensation committee.
	2. Acquired self-use property in Taichung.
	3. Reviewed the Company’s list of candidates for Independent Directors nominated by the 2018 Shareholders’ meeting.
Nov. 13, 2018	1. Proposed to revoke the retrieved New restricted employee shares.
	2. Proposed revision of the Company's "Internal Control System".
	3. Proposed revision of the Company's "Internal Audit Implementation Rule".
	4. The Company's annual audit plan for 2019.
	5. Applied to Cathay United Commercial Bank for an extension of the liabilities under guarantees.
Dec. 20, 2018	1. The company's annual business plan for 2019.
	2. The year-end bonuses of the company's managers.
	3. Reviewed subsidiary managers the amount of New restricted employee shares Phantom Stocks Bonus in 2018.
	4. The renewal of the liability insurance of the Company's directors and supervisors
Mar. 14, 2019	1. Reviewed the 2018 remuneration distribution to employees, directors and supervisors.
	2. The 2018 business report and financial statements.
	3. The 2018 profit distribution proposal.
	4. The capital reserve cash dividend proposal.
	5. Change of CPA in financial statements of the Company

Date	Resolution content summary
	6. Appointed KPMG for the 2019 financial statements auditing and certification and business income tax auditing and certification service and professional charge.
	7. The Company's 2018 "Evaluation of Overall Efficacy of Internal Control Systems" and "Internal Control System Statements".
	8. Proposed revision of the Company's "Procedures for Acquisition and Disposal of Assets".
	9. Proposed revision of the Company's "Articles of Incorporation".
	10. Proposed revision of the Company's"Operating Procedures for Loans to Others".
	11. Proposed revision of the Company's "Endorsement Guarantee Procedures".
	12. Proposed update of the Company's "Standard Operating Procedures for Handling Requests Made by Directors ".
	13. Reviewed the plan of performance bonus payment for subsidiary managers in 2018.
	14. Adopted matters related to the "Period of Public Announcing Acceptance of Shareholder's Proposals" of the 2019 shareholders' meeting.
	15. Convening of Shareholders' Meeting in 2019.

4.11 If the directors or supervisors have different opinions about important resolutions adopted by the board in the latest year and as of the date of publication of the annual report, and there are records or written statements: None。

4.12 Summary of the resignation and dismissal of personnel relevant to the financial report as of the date of publication of the annual report (including the chairman, general manager, chief accountant, chief financial officer, internal audit manager, R&D director, etc.): None。

5. Audit Fee：

Unit: NT$ thousand

Accounting firm	CPA name	Audit fee	Non-audit fee					Audit period	Remarks
			System design	Business registration	HR	Others	Sub-total		
KPMG	Yu, Sheng-Ho Wu, Mei-Pin	4,600	-	-	-	350	350	01/01/2018 | 12/31/2018	Others are applying for changes to the company's industry category accountants' opinions and 107 annual mergers and individual English financial translations.

6. Replacement of CPA：None.

7. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Auditing CPA Firm or Its Affiliated Businesses in the ast Year: None.

8. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders：

Unit: share

Title	Name	2017		2018 as of April 22	
		Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)	Shareholding Increase/ (Decrease)	Pledged share Increase/ (Decrease)
Chairman	Liao, Shih-Fang	-	-	-	-
Director and General Manager and R&D Supervisor	Wu, Tsung-Hsien	48,000	-	-	-
Director and Associate of Management Division	Lin, Mei-Hui	12,000	-	-	-
Director	Cheng Yu investment ltd	-	-	-	-
Director	Wang, Chung-Ping	-	-	-	-
Independent Director	Lien, Chi-Jui	-	-	-	-
Independent Director	Chen, Fu-Mei	-	-	-	-
Supervisor	Rui Qi investment ltd	-	-	-	-
Director	CHEN, I-CHI (None 1)	(48,000)	-	-	-
Supervisor	Chen, Chin-Han	-	-	-	-
Supervisor	Huang, Mu-Chuan	-	-	-	-
10% Shareholder	Long Ying investment ltd (Representative: Wang, Zhen-Yu) (None 2)	(1462,000)	-	-	-
Deputy GM	Qiu, Jian-Ming	20,000	-	-	-
Manager, Financial Division	Chang, Chiao-Ni	4,000	-	-	-
Deputy Manager, Audit Division	Xu, Yun-Qian	1,800	-	-	-
Deputy Manager, Public Relationship	Yu, Chu-Yu	1,200	-	-	-

Note 1. Resignation on June 14, 2018
Note 2. The company has cancelled its shareholding in the shareholding ratio of more than 10% in December, 2018

9. Relationship among the Top Ten Shareholders：

April 22, 2018: Unit: share

Name	Own shareholding		Shareholdings of the spouse and minor children		Shareholding in other people's names		Name and relationship of top 10 shareholder who has the interested-party, a spouse or relative within the second degree of kinship		Remarks
	Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %	Name	Relationship	
Long Ying investment ltd Representative:Wang, Zhen-Yu	4,149	9.74%	-	-	-	-	-	-	-
Sheng Cheng investment ltd Representative:Liao, Shih-Fang	3,888	9.13%	-	-	-	-	Liao, Shih-Fang	Responsible person of the corporation	-
Qian Yi investment ltd Representative:Liao, Shih-Fang	3,850	9.04%	-	-	-	-	Liao, Shih-Fang	Responsible person of the corporation	-
Liao, Shih-Fang	3,119	7.33%	1,752	4.11%	7,738	18.16%	Lin, Shu-Hui Sheng Cheng investment ltd Qian Yi investment	Spouse Responsible person of the corporation Responsible person of the corporation	-
Mawer Global Small Cap Fund	2,742	6.44%	-	-	-	-	-	-	-
Virtus KAR Emerging Markets Small-Cap Fund	2,349	5.52%	-	-	-	-	-	-	-
Cheng Yu investment ltd Representative:Lin, Hung-Chun	2,254	5.29%	-	-	1,139	2,68%	-	-	-
Fidelity Series International Small Cap Fund	1,656	3.89%	-	-	-	-	-	-	-
LE LE investment ltd Representative:Chien, Hung-Chang	1,378	3.24%	-	-	-	-	-	-	-
Lin, Shu-Hui	1,354	3.18%	3,517	8.26%	-	-	Liao, Shih-Fang	Spouse	-

10. Ownership of Shares in Affiliated Enterprises：

December 31, 2018 Unit: thousand shares; %

Re-invested businesses	The Company's investment		Investment by directors, supervisors, managers or directly or indirectly controlled businesses		Total investment	
	Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %
ADDCN Technology (Samoa) Co., Ltd	29,760	100%	-	-	29,760	100%
addcn Technology (Shenzhen) Co., Ltd	-	100%	-	-	-	100%
ADDcn Technology (HK)	6,500	70%	1,486	16%	7,986	86%
ADDcn Technology Co., Ltd	799	33.29%	-	-	799	33.29%

IV. Capital Overview

1. Capital and Shares：

1.1 Source of Capital：

(1)Issued Shares：

Unit: thousand shares; NT$ thousand

Date	Par Value (NT$)	Approved Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
Jan. 2007	10	1,500	15,000	1,500	15,000	Establishment Capital	None	-
Sep. 2008	10	3,860	38,600	3,860	38,600	Capital increase	None	-
Nov. 2009	10	8,000	80,000	8,000	80,000	Capital increase	None	-
Sep. 2010	14	30,000	300,000	14,840	148,400	Capital increase	None	-
Jun. 2012	10	30,000	300,000	17,576	175,760	Capital reserve transferred to increase	None	-
Jul. 2012	10	50,000	500,000	28,000	280,000	Earnings transferred to increase	None	-
Jan. 2014	240	50,000	500,000	31,500	315,000	Capital increase	None	-
Aug. 2015	10	50,000	500,000	40,950	409,500	Earnings transferred to increase	None	-
Oct. 2016	10	50,000	500,000	42,263	422,630	Capital reserve transferred to increase	None	-
Nov. 2016	10	50,000	500,000	42,583	425,830	New restricted employee shares.	None	-
Sep. 2017	10	50,000	500,000	42,581	425,805	Retrieved New restricted employee shares.	None	-
Dec. 2018	10	50,000	500,000	42,579	425,790	Retrieved New restricted employee shares.	None	-

(2)Type of Stock：

Unit: share

Share Type	Authorized Capital			Remark
	Issued Shares	Un-issued Shares	Total	
Common Stock	42,579,000	7,421,000	50,000,000	Outstanding shares are TPEx listed.

1.2 Status of Shareholders：

April 22, 2019 Unit: person; share

Status / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number	0	4	26	1,226	102	1,358
Shareholding	0	109,160	17,454,835	10,323,243	14,691,762	42,579,000
%	0.00%	0.26%	40.99%	24.25%	34.50%	100.00%

1.3 Shareholding Distribution Status：

April 22, 2019 Unit: person; share

Shareholding Tiers	No., of Shareholders	Shareholding	%
1 to 999	558	76,514	0.18%
1,000 to 5,000	614	1,086,971	2.55%
5,001 to 10,000	72	523,955	1.23%
10,001 to 15,000	20	253,947	0.60%
15,001 to 20,000	9	153,671	0.36%
20,001 to 30,000	16	398,215	0.94%
30,001 to 50,000	17	663,749	1.56%
50,001 to 100,000	14	987,628	2.32%
100,001 to 200,000	7	1,067,915	2.51%
200,001 to 400,000	13	4,531,863	10.64%
400,001 to 600,000	3	1,328,940	3.12%
600,001 to 800,000	1	638,435	1.50%
800,001 to 1,000,000	1	812,500	1.91%
1,000,001 or more	13	30,054,697	70.58%
Total	1,358	42,579,000	100.00%

1.4 List of Major Shareholders：

April 22, 2019 Unit: share; %

Name \ Shares	Shareholding	%
Long Ying investment ltd	4,149	9.74%
Sheng Cheng investment ltd	3,888	9.13%
Qian Yi investment ltd	3,850	9.04%
Liao, Shih-Fang	3,119	7.33%
Mawer Global Small Cap Fund	2,742	6.44%
Virtus KAR Emerging Markets Small-Cap Fund	2,349	5.52%
Cheng Yu investment ltd	2,254	5.29%
Fidelity Series International Small Cap Fund	1,656	3.89%
LE LE investment ltd	1,378	3.24%
Lin, Shu-Hui	1,354	3.18%

1.5 Market Price, Net Worth, Earnings, and Dividends per Share：

Unit: NT$ thousand; thousand shares

Item \ Year			2017	2018	Current year as of March 31, 2019
Market price per share	Highest		299.0	298.0	286.0
	Lowest		187.0	212.0	239.5
	Average		236.9	252.4	265.7
Net worth per share	Before distribution		43.07	43.07	—
	After distribution		27.57	(Note 1)	—
Earnings per share	Weighted average number of shares		42,290	42,417	—
	Earnings per share (loss) - before adjustment		$15.00	$14.04	—
	Earnings per share (loss) - after adjustment		—	—	—
Dividend per share	Cash dividend		$15.5	(Note 1)	—
	Bonus shares	Stock Dividend from Retained Earnings	—	—	—
		Stock Dividend from Capital Reserve	—	—	—
	Accumulated undistributed dividends		—	—	—
Investment return	Price / Earnings ratio (Note 2)		15.79	17.98	—
	Price / Dividend ratio (Note 3)		15.28	(Note 1)	—

Item	Year	2017	2018	Current year as of March 31, 2019
analysis	Cash dividend yield rate (Note 4)	6.54%	(Note 1)	—

Note 1:The 2018 annual earnings distribution has yet to be approved by the shareholders' meeting.
Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

1.6 Dividend Policy and Implementation Status：

(1)Dividend Policy：

According to the Company's Articles of Incorporation, if there are earnings in the Company's annual accounts, after paying taxes and making up for the accumulated loss in accordance with the law, 10% will be allocated as the statutory reserve. However, it shall not apply if the statutory reserve has reached the paid-in capital amount of the Company. Special reserve shall be allocated in accordance with the Company's operational needs and the provisions. If there are still earnings, then combine it with beginning unappropriated earnings. The board of directors shall propose the earnings distribution to the shareholders' meeting for resolution.

The Company is in a stable growth stage. Depending on the future financing demand and the dilution of capital, the dividend type will be paid in the form of stock or cash dividend. Cash dividends are not less than 10% of the total dividends, but the types and ratios of this earnings distribution depend on the actual profits and financing situation of the current year, which are adopted by the shareholders' meeting

(2)Proposed Distribution of Dividend：

The company's proposed 2018 annual earnings distribution by the Board of Directors on March 14, 2019 is as follows:

	Amount (NT$ thousand)	Divined per share (NT$)
Legal reserve	59,155	—
Special reserve	78,696	—
Cash dividend	451,337	10.6
Stock dividend	—	—

The above-mentioned Board of Directors' resolutions are to distribute cash dividends by capital reserve of NT$ 80,900 thousand and NT$ 1.9 per share was subject to the resolution of the Shareholders' Meeting.

1.7 Impact of the Proposed Bonus Shares on the Company's Operating Performance and Earnings per Share by the Shareholders' Meeting: Not applicable.

1.8 Bonuses of Employees, Directors and Supervisors：

(1)The percentage or scope of the bonuses of Employees, Directors and Supervisors stipulated in the Articles of Incorporation:

If there is a profit for the year, the Company shall allocate not less than 1% of it for the employee bonus and not more than 3% for the directors and supervisors' bonus. However, if there is still a cumulative loss, an amount to make up for the loss should be retained in advance.

Qualification requirements of employees, including the employees of subsidiaries meeting certain specific requirements, entitled to receive shares or cash in accordance with the preceding provisions.

(2)The basis for the estimation of the amount of bonus of employees, directors and supervisors in the current period, and the accounting treatment if there is a difference between the actual employee bonus paid in shares or cash and the estimated amount:

The amount of remuneration for employees, directors and supervisors in the current period is estimated appropriately in accordance with the Articles of Incorporation and past experience of the Company before deducting the remuneration for employees, directors and supervisors from the income from continuing operations before income tax of the current year.

(3)Bonus distribution as passed by the board meeting:

(A) Recommended Distribution of Employee Bonus and Directors' and Supervisors' Remuneration：

Unit: NT$ thousand

Item ＼ Status	Remuneration of employees			Remuneration of directors and supervisors
	Cash	Stock	Total	
Annual recognized amount of estimated expenses (A)	54,860	0	54,860	7,323
Proposed allocation of the Board of Directors (B)	54,860	0	54,860	7,323
Discrepancy (B)-(A)	0	0	0	0

(B) If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, reasons therefor, and how it is treated shall be disclosed.: There is no discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, so not applicable。

(C) Employee bonus paid in shares as a percentage of the total amount of the current net profit after tax and the total employee bonus of the parent company only or each of companies' financial statements: The board of directors pays in cash through the allocation of remuneration, so it is not applicable.

(4)If there is a difference between the actual distribution of bonus of employees, directors and supervisors (including the number of shares, the amount and the share price) in the previous year and the provision for the bonus, please describe the difference, the reason and the accounting treatment:

Unit: NT$ thousand

Item	Shareholders' Meeting resolution	Actual allocation	Discrepancy
2017 Employee remuneration	53,902	53,902	—
2017 Directors and Supervisors' remuneration	7,440	7,440	—

1.9 Buyback of Treasury Stock：None.

2. Bonds：None.

3. Preferred Shares：None.

4. Global Depository Receipts：None.

5. Issuance of Employee Stock Options：None.

6. Issuance of New Restricted Employee Shares：

6.1 Issuance of New Restricted Employee Shares：

May 13, 2019

New restricted employee shares type	First (period) New restricted employee shares
Date of registration	Sep. 6, 2016
Issued date	Oct. 14, 2016
Issued New restricted employee shares	320,000
Issued price	Gratuitously distributed
Issued New restricted employee shares total issued shares ratio	0.78%
Vesting conditions of New restricted employee shares	Employees are still in service at the end of the following period of time from the date they are allocated New restricted employee shares, and their performance appraisal has reached the level of excellence (including) in one year before the expiration of the following periods. They may be entitled according to the following schedule: Service expires 1 year from the date of grant:40% Service expires 2 years from the date of grant:40% Service expires 3 years from the date of grant:20%
Restrictions of New restricted employee shares	1. After an employee has acquired new shares, he may not sell, mortgage, transfer, gift, pledge or otherwise dispose of the New restricted employee shares, except for inheritance, before reaching the acquired conditions. 2. The attendance, proposals, statements, voting, resolution and other matters related to shareholders' equity of the shareholders' meeting are entrusted to the trust institution to exercise them on its behalf.之。 3. Except for the restrictions imposed by the trust agreement in the preceding paragraph, the New restricted employee shares allocated by employees in accordance with this Measure shall not be restricted until they have reached the acquired conditions, the other rights, including but not limited to: the rights to receive dividends, bonuses, the rights to allocate capital reserve , the rights to subscribe and vote for cash capital increase, etc., which are the same as the common shares issued by the Company, and shall not be restricted. Employees are entitled to the cash dividends and stock dividends issued by the Company, and the cash dividends and stock dividends issued by the Company are deemed to have met the required conditions and are not subject to trust institution. 4. Except for the restrictions mentioned above, the New restricted employee shares which the employee is allotted are the same as the common shares which the Company has already issued before the acquired conditions are met.
Custody status of New restricted employee shares	Declared trust management
Measures when vesting conditions are not met after employees are allocated or	when vesting conditions are not met after employees are allocated or subscribed for New restricted employee shares, except for

New restricted employee shares type	First (period) New restricted employee shares
subscribed for new shares	special circumstances, the Company will retrieve and revoke without compensation.
Number of New restricted employee shares retrieved or purchased	7,500
Released number of New restricted employee shares	253,000
Unreleased number of New restricted employee shares	59,500
Unreleased number of New restricted employee shares to total issued share ratio (%)	0.14%
Impact on shareholders' equity	Attracting and retaining the technological and professional talents needed by the company, and improving the sense of unity and belonging of employees to the Company, and jointly creating the interests of the Company and shareholders, enhancing the equity of shareholders.

6.2 The names and acquisitions of the managers and the top ten employees who acquired the New restricted employee shares：

May 13, 2019

	Title	Name	Acquired stock subscription shares	Acquired stock subscription shares to total issued shares ratio	Implemented				Not implemented			
					Stock subscription shares	Stock subscription price	Stock subscription amount	Stock subscription shares to total issued shares ratio	Stock subscription shares	Stock subscription price	Stock subscription amount	Stock subscription shares to total issued shares ratio
Manager	General Manager	Wu, Tsung-Hsien	232,500	0.76%	186,000	-	-	0.44%	46,500	0	0	0.11%
	Deputy GM	Qiu, Jian-Ming										
	Associate, Operating Division	Lin, Mei-Hui										
	Manager, Financial Division	Chang, Chiao-Ni										
	Manager, Operating Division (Note1)	Chen, Zi-Ning										
	Deputy Manager, Audit Division	Xu, Yun-Qian										
	Deputy Manager, Public Relationship	Yu, Chu-Yu										
	Director, IT Division	You, Shun-Yuan										

	Title	Name	Acquired stock subscription shares	Acquired stock subscription shares to total issued shares ratio	Implemented				Not implemented			
					Stock subscription shares	Stock subscription price	Stock subscription amount	Stock subscription shares to total issued shares ratio	Stock subscription shares	Stock subscription price	Stock subscription amount	Stock subscription shares to total issued shares ratio
Employee	Accounting Assistant Manager	Chen, ○-Hui	38,500	0.09%	30,800	-	-	0.07%	7,700	0	0	0.02%
	Operating Assistant Manager (Note2)	Zhou, ○-Cun										
	Editor	Li, ○-Zhe										
	Deputy Editor	Zhong, ○-Xuan										
	Director, Marketing/ PR Division	You, ○-Ying										
	Programing Senior Team Leader	Yu, ○-Ren										
	Programing Team Leader	Hua, ○-Gang										
	Director, Operating Division	Lin, ○-Ji										
	Customer Service Deputy Director	Zeng, ○-Hua										
	Programing Team Deputy Leader	Li,○-Hsien										

Note 1: The staff resigned in March 2019
Note 2: The staff resigned in February 2019

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions：None.

8. Financing Plans and Implementation：None.

V. Operational Highlights

1. Business Activities：

1.1 Business Scope：

(1)Main areas of business operations：

Established in 2007, the Company mainly deals in online trading platforms. The main entrance websites are:

(A) 8591(Virtual Treasure Trading): The largest online virtual treasure trading platform in Taiwan. C2C business model is adopted to provide a safe, fast and rich treasure trading platform for online game players.

(B) 591(Property Trading): Providing property leasing, property trading and new project advertising and inquiry services for Taiwan's leading property and home service platform.

(C) 8891(Cars Trading): Providing information publishing and inquiry for the sale of preowned cars, preowned car dealers online shop services, new car information inquiry services.

(D) VIP Brands Outlet: Providing international boutiques, designer labels and other up to 70% off online sales for consumers to purchase.

(E) 518 (Human Resource): Committed to providing a fast, accurate and simple human resources search platform, so that business owners can easily and quickly find suitable talents, and job seekers can quickly find suitable jobs.

(F) 100 (Interior Design): Mainly matching decorators and consumers, to provide high-quality design works for consumers' reference.

(G) Marry (Wedding Service): It is an exclusive channel for matching photographers, wedding planners and newlyweds, so that newlyweds can solve wedding affairs more easily and efficiently.

(H) Chickpt (Part-Time Human Resource): The largest part-time job APP in Taiwan is designed for matching college students and employers for part-time jobs. It is dedicated to creating a fast and safe job matching platform.

(I) The Company also launched 8591, 591, 8891, 518, 100 (Interior Design) and Marry (Wedding Service) mobile version in Apple Store and 8591, 591, 8891, 518, 100 (Interior Design) and Marry (Wedding Service) mobile version in Google Play to enhance user convenience and provide more instant information.

(2)Revenue distribution：

Unit: NT$ thousand

Product Type	2017		2018	
	Revenue (Note)	%	Revenue (Note)	%
Online merchandise sales	38,228	2.79	64,605	4.37
Internet service income	924,516	67.42	1,056,875	71.47
Internet platform commission income	337,011	24.58	345,150	23.34
Others	71,438	5.21	12,114	0.82
Total	1,371,193	100.00	1,478,744	100.00

Note: The above revenue amount excludes the business income of the closing department - 101 Original T-shirt, whose business income in 2017 and 2018 are respectively NT$ 105,072 thousands and NT$ 0.

(3)Main products：

(A) 8591(Virtual Treasure Trading) (https://www.8591.com.tw) mainly through the Internet to provide virtual treasure trading services, is one of Taiwan's largest virtual treasure trading website.

(B) 591(Property Trading) (https://www.591.com.tw) mainly through the Internet to provide property leasing, property trading, decoration manufacturers advertising and inquiry services, is a leading property and home service platform in Taiwan.

(C) 8891(Cars Trading)(https://www.8891.com.tw) mainly through the Internet to provide information release and query of the trading of preowned cars, preowned car dealers online shop services, new car information inquiry.

(D) VIP Brands Outlet (https://www.101vip.com.tw) mainly through the Internet to provide international boutiques, designer labels and other up to 70% off online sales for consumers to purchase.

(E) 518 (Human Resource) (https://www.518.com.tw) mainly through the Internet to provide a human resource research platform for enterprises to publish job information and job seekers to place resumes.

(F) 100 (Interior Design) (https://www.100.com.tw) provides many excellent interior design companies' representative design case pictures, so that owners can easily find interior design inspiration.

(G) Marry (Wedding Service) (https://www.marry.com.tw) is a one-stop wedding service platform for wedding-related services such as wedding photography, records and planners.

(H) Chickpt (Part-Time Human Resource) (https://www.chickpt.com.tw) is the largest part-time job APP in Taiwan designed for matching college students and employers for part-time jobs. It is dedicated to creating a fast and safe job matching platform.

(4)New products development：

With the growing number of users and transactions/publications, each of platforms has

different functional requirements in terms of cash flow, user experience and information needs. Therefore, new services development planned for future will be developed on existing infrastructure to provide better services for users of various platforms.

1.2 Industry Overview：

Please refer to page 42 of the Chinese annual report for the current situation and development of the industry, the relationship between the upstream and downstream industries, the development trends of products and the competition situation.

1.3 Research and Development：

(1)Please refer to page 49 of the Chinese annual report for the technical level of the business, research and development personnel and their education(experience), and the successful technology or products developed in the last five years.

(2)R&D Expenses in the past five years:

Unit: NT$ thousand；%

Item \ Year	2014	2015	2016	2017	2018
R&D Expense	16,752	30,609	38,852	64,482	54,862
Net revenue income	1,150,822	1,356,019	1,240,814	1,371,193	1,478,744
R&D expense to net revenue ratio	1.46%	2.26%	3.13%	4.70%	3.71%

1.4 Long-term and Short-term Development：

(1)Short -term Development：

(A) Increasing the market share of 591(HK): Continuing to operate the Hong Kong market and make the property leasing market an absolute leader.

(B) Advertising market: Developing online advertising market for new cars and housing market.

(C) Promoting the visibility of 8591(HK): 8591(HK) was established in October 2018, and promoted its brand visibility through marketing strategies.

(2)Long-term Development：

(A) The development of the new business system: by virtue of the company's operating advantages and accumulated core competence in the Internet platforms, sustainable development of food, clothing, housing, transportation and entertainment related platforms.

(B) The expansion of business area: International vertical website companies have been quite aggressive and successful in expanding the international market in recent years. However, the new Internet market needs to cooperate with local network companies in order to obtain good development support and achieve a comprehensive effect of 1 + 1 over 2. In the future, we will first contact the more familiar Southeast Asian market, as the beginning of the company's development of global layout. We hope to gain a firm

foothold in the Taiwan market, and then start looking for suitable partners in Southeast Asia to formally expand overseas layout distribution.

2. Market and Sales Overview：

2.1 Market Analysis：

(1)Sales (Service) Region：

The Company is engaged in online trading platforms. In addition to serve domestic consumers, we have established 591 property trading platforms and 8591 virtual treasure trading platforms in Hong Kong to provide more online trading services for Hong Kong users.

(2)Market Share (%) of Major Product Categories in the Last Two Years：

Unit: NT$ billions

Item	2018	2017
ADDcn Technology revenue	14.79	13.71
Data Processing and Information Supply Services revenue	487	477
ADDcn Technology market share	3.04%	2.87%

Date source: Collated from Department of Statistics of Ministry of Economic Affairs and MOPS.
Note: The above revenue amount excludes the business income of the closing Department - 101 Original T-shirt.

The Company is mainly engaged in online trading platform services, belonging to Information Service Activities. According to the Department of Statistics of Ministry of Economic Affairs, the revenue of the industry in 2018 and 2017 was about NT$487 billions and 477 billions respectively, with an annual growth of 2.10% in 2017. The combined revenue of the Company in 2018 and 2017 is NT$14.79 billions and 13.71 billion respectively, and the market share has increased from 3.04% to 2.87%, indicating that the Company is quite competitive in its industry.

(3)Market Analysis of Major Product Categories：

Housing is the rigid demand of the general public. The average transaction volume of new and second-hand houses in the past five years is about 400,000, which shows that the market demand for property is stable. About half of Taiwan's population needs to rent a house, and the rental market is quite active. With the rapid growth of Internet penetration rate in recent years, the habits of users on both sides of housing supply and demand have also changed, gradually shifting from offline to online. In addition to good results, Internet publishing has a wider coverage. Everyone in Taiwan can browse houses everywhere through the Internet. It even happened that tenants browsed a house in Kaohsiung through the Internet and took the high-speed railway to Taipei to see the house. The supply of property trading platforms will also be expanded by potential demand.

Taiwan's game industry is divided into computer games and mobile games. At present, the market is in a mature stage, and there is fierce competition among manufacturers. Therefore, differentiated positioning must be taken as an important market strategy for the new games in the future. Mobile games have grown since 2014. According to Newzoo estimates, the global game market in 2018 is about US$ 1,349 billion, of which mobile games account for 47 percent. More and more makers are joining the ranks of mobile

games, and the game trading platform must follow the trend of market transfer.

Automobile application technology has developed rapidly in recent years. Upgrades of new cars' safety equipment has promoted the vigorous development of new car trading market. The volume of new car sales has increased from 370,000 in 2012 to 440,000 in 2018. The preowned car market is affected by the hot market of new car and the trading volume has remained flat or even declined in the past four years. In addition to the preowned car trading services, 8891(Cars Trading) has also become a platform for new car information in recent years. By attracting users through content, it is expected to expand the service target of platform matchmaking in the future.

The Internet human resource market has been in operation for 20 years and is approaching a mature market. More than 80% of job seekers will use the Internet platform to deliver resumes, which has become a necessary way to enter the job market. In recent years, the popularity of smart phones and mobile Internet has expanded the competitive platform to the mobile market. 518 (Human Resource) has the technical ability to develop APP by itself, and has the advantage of grasping the trend of Touch-screen Generation and information of 20% SMEs. It is expected to rapidly expand the scope of the employment market in the mobile market in the future.

(4)Competitive niches：

(A) The management team has rich experience.：

The company's operating team has more than 10 years of experience in network platform development and operation, with a complete technical team and flexible marketing team. The company's management team is sensitive to the market and is good at differentiating marketing and product design with creativity. Its vertical website has a place in Taiwan's Internet industry.

(B) Website has high brand awareness/huge membership advantages：

The total number of members of ADDcn websites is more than 10 million, which has laid the competitive advantage of the Company described as follows:

①591(Property Trading): Through the huge database of homeowners, tenants and buyers to form the company's competitive advantage. Increase the integrity of peripheral products, cooperate with tenants, such as moving, second-hand furniture; cooperate with buyers, such as house decoration, building projects.

②8591(Virtual Treasure Trading): Accumulating the advantages of the vast number of players database to form the competitive advantage of the Company. In addition, we strengthened comprehensive website security system, such as membership authentication, membership login IP judgment system, to ensure the equity of members and transaction security.

③8891(Cars Trading): In the preowned car trading website with high integrity requirements, the Company advocates the integrity of car sales and website operation convenience to strengthen the Company's competitive advantage.

④VIP Brands Outlet : We take on-line sale of boutiques as a platform, to collect international boutiques, popular brands of fashion clothing related products, and provide consumers with up to 70% off surprising prices. In addition to limit the timing and quantity, consumers can be assured, providing a good shopping environment, and strengthening the Company's competitive advantage.

⑤518 (Human Resource): With fast, accurate and simple human search service as the

core, and with a large number of SME owners and job seekers membership database, coupled with the mastery of mobile research and development technology to form the Company's competitive advantage.

(5)Favorable and Unfavorable Factors in the Long Term：

【Favorable Factors】

(A) We accumulated over 10 million members of the brand loyalty by unique multi-brand website business model, and continue to invest in the development of new livelihood website, create more new trading markets, in order to enhance the sustainable development of matchmaking transaction markets.

(B) The Internet market in Southeast Asia's is growing fast and local Internet services are in course of starting. There is a lack of professional platforms such as virtual treasure trading, rental and automobile website at present, which is an opportunity for us to layout Southeast Asia.

(C) With the rapid growth of mobile Internet penetration, we have continuously launched mobile version web pages and APPs on various platforms in recent years. With the convenience of any time mobile Internet access, we can further improve the traffic and customer stickiness of the websites.

(D) Cooperating with banks to provide a variety of cash flow services, providing consumers and website operators with an excellent and perfect payment mechanism.

【Unfavorable Factors】

(A) Smart phones have become popular and mobile APP has been on the market in recent years, changing the mode of people's communication and Internet access. If we cannot adjust to the current situation, the advantages of information monopoly of the future website platform will be divided in succession.

(B) The domestic Internet market is limited, and the lack of Internet talents makes it difficult to select and cultivate talents.

(C) The Company accumulates a large amount of member information. If the information security situation occurs, the Company may face the risk and loss of operation.

【Countermeasures】

In terms of information security countermeasures, the Company has adopted a large number of control and prevention measures to prevent hackers from intruding the database and Internet information security protection mechanism, including strict security management measures, password management measures, data management measures. It has also introduced a personal capital management system and established a rigorous personal capital management manual and education system. It was certified by BSI BS 10012:2009 Personnel Information Management System (PIMS) international standard in May 2016, which guarantees our members on international level.

In terms of operational strategies, the Company continues to take "food, clothing, housing, transportation education and entertainment" as its blueprint for development. Intelligent APP applications have been developed in succession to try to open up the mobile Internet market. As people spend different time and using different smart phone

interfaces on browsing Internet, we are launching exclusive browsing web sites that are compatible with mobile devices. We believed that only those who are at the forefront of the trend can lay a solid market foundation. With the continuous emphasis on seamless interaction with consumers, we can deepen our customer relationship and further highlight our differences in competition and comprehensive growth potential.

In terms of global strategy, the international vertical website companies in recent years have been quite aggressive and successful in expanding the international market. However, the new network market needs to cooperate with local network companies in order to obtain good development support and achieve a comprehensive effect of 1 plus 1 over 2. In the future, we will first contact the more familiar Southeast Asian market, as the beginning of the company's development of global layout. We hope to gain a firm foothold in the Taiwan market, and then start looking for suitable partners in Southeast Asia to formally expand overseas layout distribution.

2.2 Production Procedures of Main Products：

(1)Major Products and Their Main Uses：

Our businesses are Internet trading platforms.

(2)Major Products and Their Production Processes：

Our businesses are Internet trading platforms. After the 101 Original Clothing was transferred in June 2017, the Company did not produce any other products, so it was not applicable.

2.3 Supply Status of Main Materials：

Our businesses are Internet trading platforms. After the 101 Original Clothing was transferred and sold in June 2017, the Company did not produce any other products, so it was not applicable

2.4 Major Suppliers and Clients：

(1)Names of customers who accounted for more than 10% of the total amount of goods purchased/sold in the past two years, the amounts and percentages of the goods purchased/sold and the reasons for the increase or decrease：

(A) Major Suppliers in the Last Two Calendar Years：

Unit: NT$ thousand

Item	2017				2018			
	Name	Amount	Ratio to total goods purchased for the year (%)	Relationship with the issuer	Name	Amount	Ratio to total goods purchased for the year (%)	Relationship with the issuer
1	A Company	51,640	53.90	—	D Company	7,894	22.62	—
2	C Company	19,014	19.85	—	E Company	6,058	17.36	—
3	—	—	—	—	F Company	5,438	15.58	—
4	—	—	—	—	G Company	5,016	14.37	—
5	—	—	—	—	H Company	4,781	13.70	—
6	—	25,154	26.25	—	Others	5,714	16.37	—
	Total	95,808	100.00	—	Total	34,901	100.00	—

(B) Reason for change：

The 101 Original Clothing of the Company was transferred and sold in June 2017, so there was no relevant purchase, Due to the adjustment of the business model, the VIP Brands Outlet platform also has a lower self-purchasing cost and a hot sale of the website,resulting in changes in the two-year purchasing manufacturers and the proportion of purchases.

(2)Major Clients in the Last Two Calendar Years：

The Company belongs to e-commerce, and its sales target is mainly general consumers, so there are no customers who account for more than 10% of the total sales.

2.5 roduction in the Last Two Years：

The Company belongs to e-commerce, so there is no clear value of production. The apparel products are all produced by outsiders, and the Company is mainly on internal testing, and the 101 Original Clothing has been transferred and sold in June 2017.

2.6 Shipments and Sales in the Last Two Years：

Unit: NT$ thousand

Year / Shipment / Major product (or department)	2017				2018			
	Import		Export		Import		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Internet service revenue	—	924,516	—	—	—	1,056,875	—	—
Platform commission revenue	—	337,011	—	—	—	345,150	—	—
Internet goods sales	54,993	38,228	—	—	134,438	64,605	—	—
Others	—	71,438	—	—	—	12,114	—	—
Total	—	1,371,193	—	—	—	1,478,744	—	—

Note:The above revenue amount excludes the business income of the closing department - 101 Original T-shirt, whose business income in 2017 is respectively NT$ 105,072 thousands.

3. Human Resources：

Item \ Year		2017	2018	2019 as of March 31
Number of employees	Manager	17	16	16
	Staff	260	304	293
	Total	277	320	309
Average age		28.70	27.97	29.11
Average service year		3.77	3.73	3.73
Academic distribution	Master's degree	1.44%	2.19%	1.94%
	College	73.65%	76.25%	77.02%
	Below high school	24.91%	21.56%	21.04%

4. Environmental Protection Expenditure：

The Company did not suffer from any loss or penalty due to environmental pollution in the past year and as of the date of publication of the annual report.

5. Labor Relations：

6. Please refer to page 56 of the Chinese annual report.

7. Important Contracts：

Contract Type	Counterparty	Contract Start and Ending Dates	Contents	Restrictions
Supply of labor	addcn Technology (Shenzhen) Co., Ltd	106.01.01~108.12.31	Offshore labor	None
Trust Contract for Collection and Payment Transfer of Online Transactions	Trust Division, E.Sun Bank	Sep. 21, 2016 to Dec. 31, 2017. If both parties have no written objection to the renewal of the contract for one month after the expiration of the contract, the contract will be automatically extended for one year from the expiration date of the contract, and will be the same afterwards.	Collection and payment transfer of online transactions	None

VI. Financial Information

1. Five-Year Financial Summary：

1.1 Condensed Balance Sheet：

(1)Concise Individual Balance Sheet - Adopting International Financial Reporting Standards：

Unit: NT$ thousand

Item \ Year		Financial analysis for the past five years					as of Mar. 31, 2019
		2014 (Note 4)	2015	2016	2017	2018	
Current assets		1,620,557	1,051,217	1,427,409	1,319,942	1,173,810	Note 2
Investment by Equity method		37,639	680,978	666,608	692,969	771,478	
Property, plant and equipment		57,562	71,802	222,312	231,051	230,895	
Intangible assets		144,698	133,832	125,204	118,087	109,855	
Other assets		231,297	259,408	201,053	331,756	317,250	
Total assets		2,091,753	2,197,237	2,642,586	2,693,805	2,603,288	
Current liabilities	Before distribution	316,787	332,818	751,162	832,224	869,120	
	After distribution	710,537	773,031	1,198,284	1,492,222	Note 1	
Non-current liabilities		23,111	22,949	25,649	27,768	31,794	
Total liabilities	Before distribution	339,898	355,767	776,811	859,992	900,914	
	After distribution	733,648	795,980	1,223,933	1,519,990	Note 1	
Interests attributable to parent company owner		1,751,855	1,841,470	1,865,775	1,833,813	1,702,374	
Capital stock		315,000	409,500	425,830	425,805	425,790	
Capital reserve		860,267	765,767	758,681	566,585	421,815	
Retained earnings	Before distribution	574,956	679,108	791,233	978,490	1,057,324	
	After distribution	181,206	238,895	344,111	467,524	Note 1	
Other interests		1,632	(12,905)	(109,969)	(137,067)	(202,555)	
Treasury stock		-	-	-	-	-	
Noncontrolling interests		-	-	-	-	-	
Total equity	Before distribution	1,751,855	1,841,470	1,865,775	1,833,813	1,702,374	
	After distribution	1,358,105	1,401,257	1,418,653	1,173,815	Note 1	

Note 1: The earnings distribution in 2018 has been approved by the Board of Directors, pending resolution by the Shareholders' Meeting.

Note 2: There were remaining financial analysis has not been reviewed by accountants in the first quarter of 2019 as of the date of publication of the Annual Report.

Note 3: No assets revaluation was conducted in each year.

Note 4: The Company took January 1, 2015 as the reference date of the merger/consolidation, and proceed short-form merger/consolidation to 518 Technology Co., Ltd., a subsidiary company.Due to the reorganization, the accounting adopts the book value method and is regarded as re-editing the previous parent company only financial statements from the initial merger/consolidation.Therefore, when the Company prepared the parent company only financial statements for 2015, it has retrospectively re-edited the parent company only financial statements for 2014.

(2)Concise Consolidated Balance Sheet - Adopting International Financial Reporting Standards:

Unit: NT$ thousand

Item \ Year		Financial analysis for the past five years					as of Mar. 31, 2019
		2014	2015	2016	2017	2018	
Current assets		1,687,912	1,255,386	1,595,653	1,601,257	1,422,566	Note 2
Investment by Equity method		60,175	704,626	752,739	779,914	721,297	
Property, plant and equipment		145,092	134,169	126,139	119,151	111,326	
Intangible assets		232,180	144,555	201,959	319,434	436,241	
Other assets		2,125,359	2,238,736	2,676,490	2,819,756	2,691,430	
Total assets		1,687,912	1,255,386	1,595,653	1,601,257	1,422,566	
Current liabilities	Before distribution	350,393	369,948	780,026	947,966	936,547	
	After distribution	744,143	810,161	1,227,148	1,607,964	Note 1	
Non-current liabilities		23,111	22,949	25,649	27,768	31,794	
Total liabilities	Before distribution	373,504	392,897	805,675	975,734	968,341	
	After distribution	767,254	833,110	1,252,797	1,635,732	Note 1	
Interests attributable to parent company owner		1,751,855	1,841,470	1,865,775	1,833,813	1,702,374	
Capital stock		315,000	409,500	425,830	425,805	425,790	
Capital reserve		860,267	765,767	758,681	566,585	421,815	
Retained earnings	Before distribution	574,956	679,108	791,233	978,490	1,057,324	
	After distribution	181,206	238,895	344,111	467,524	Note 1	
Other interests		1,632	(12,905)	(109,969)	(137,067)	(202,555)	
Treasury stock		-	-	-	-	-	
Noncontrolling interests		-	4,369	5,040	10,209	20,715	
Total equity	Before distribution	1,751,855	1,845,839	1,870,815	1,844,022	1,723,089	
	After distribution	1,358,105	1,405,626	1,423,693	1,184,024	Note 1	

Note 1: The earnings distribution in 2018 has been approved by the Board of Directors, pending resolution by the Shareholders' Meeting.

Note 2: There were remaining financial analysis has not been reviewed by accountants in the first quarter of 2019 as of the date of publication of the Annual Report.

Note 3: No assets revaluation was conducted in each year.

1.2 Condensed Statement of Income：

(1)Concise Individual Income Statement - Adopting International Financial Reporting Standards：

Unit: NT$ thousand

Item \ Year	Financial analysis for the past five years					as of Mar. 31, 2019
	2014 (Note 2)	2015	2016 (Note 3)	2017	2018	
Operating revenue	1,150,822	1,346,811	1,199,400	1,325,901	1,417,973	Note 1
Gross profit	856,784	1,039,685	982,344	921,673	1,070,416	
Operating income	534,690	635,733	689,904	566,699	673,265	
Non-operating income and expenses	6,524	(37,849)	(29,170)	33,775	60,322	
Income from continuing operations before income tax	541,214	597,884	660,734	600,474	733,587	
Net income of continuing business units	442,423	497,902	552,055	499,389	595,540	
Loss of suspended business unit	-	-	283	134,990	-	
Net income	442,423	497,902	552,338	634,379	595,540	
Other comprehensive income, net of tax	1,382	(14,537)	(45,422)	(63,253)	(81,145)	
Total comprehensive income	443,805	483,365	506,916	571,126	514,395	
Net income attributable to stockholders of the parent	442,423	497,902	552,338	634,379	595,540	
Net income attributable to non-controlling interests	-	-	-	-	-	
Total comprehensive income attributable to stockholders of the parent	443,805	483,365	506,916	571,126	514,395	
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	
rnings per share	10.86	12.16	13.07	15.00	14.04	

Note 1: The earnings distribution in 2018 has been approved by the Board of Directors, pending resolution by the Shareholders' Meeting.

Note 2: The Company took January 1, 2015 as the reference date of the merger/consolidation, and proceed short-form merger/consolidation to 518 Technology Co., Ltd., a subsidiary company.Due to the reorganization, the accounting adopts the book value method and is regarded as re-editing the previous parent company only financial statements from the initial merger/consolidation.Therefore, when the Company prepared the parent company only financial statements for 2015, it has retrospectively re-edited the parent company only financial statements for 2014.

Note 3: In order to concentrate more on the operation of Internet platforms, the Company’s 101 Original T-shirt department was sold to Newcross Co., Ltd. by the resolution of the Board of Directors on March 14, 2017, and the business transfer and transaction were completed on June 14, 2017. Since the Department was not a closed business unit or assets to be sold on December 31, 2016, the consolidated income statement of the previous year was re-edited and the closed business unit and the continued business unit were separately listed.

(2)Concise Consolidated Income Statement - Adopting International Financial Reporting Standards：

Unit: NT$ thousand

Item \ Year	Financial analysis for the past five years					as of Mar. 31, 2019
	2014	2015	2016 (Note 2)	2017	2018	
Operating revenue	1,150,822	1,356,019	1,240,814	1,371,193	1,478,744	Note 1
Gross profit	902,897	1,087,620	1,065,361	1,075,069	1,170,177	
Operating income	507,642	567,247	641,964	602,277	728,260	
Non-operating income and expenses	34,122	31,390	20,445	10,968	25,393	
Income from continuing operations before income tax	541,764	598,637	662,409	613,245	753,653	
Net income of continuing business units	442,423	498,035	552,726	504,725	605,804	
Loss of suspended business unit	-	-	283	134,990	-	
Net income	442,423	498,035	553,009	639,715	605,804	
Other comprehensive income, net of tax	1,382	(14,537)	(45,422)	(63,253)	(81,804)	
Total comprehensive income	443,805	483,498	507,587	576,462	524,000	
Net income attributable to stockholders of the parent	442,423	497,902	552,338	634,379	595,540	
Net income attributable to non-controlling interests	-	133	671	5,336	10,264	
Total comprehensive income attributable to stockholders of the parent	443,805	483,365	506,916	571,126	514,395	
Total comprehensive income attributable to non-controlling interests	-	133	671	5,336	9,605	
rnings per share	10.86	12.16	13.07	15.00	14.04	

Note 1: The earnings distribution in 2018 has been approved by the Board of Directors, pending resolution by the Shareholders' Meeting.

Note 2: In order to concentrate more on the operation of Internet platforms, the Company's 101 Original T-shirt department was sold to Newcross Co., Ltd. by the resolution of the Board of Directors on March 14, 2017, and the business transfer and transaction were completed on June 14, 2017. Since the Department was not a closed business unit or assets to be sold on December 31, 2016, the consolidated income statement of the previous year was re-edited and the closed business unit and the continued business unit were separately listed.

1.3 Auditors' Opinions in the past five years：

Year	Accounting firm	Auditing CPAs	Audit opinion
2014	KPMG	Yu, Sheng-Ho、Li, Ci-Hui	Unqualified opinion
2015	KPMG	Yu, Sheng-Ho、Li, Ci-Hui	Revised unqualified opinion
2016	KPMG	Yu, Sheng-Ho、Li, Ci-Hui	Unqualified opinion with other paragraphs
2017	KPMG	Yu, Sheng-Ho、Wu, Mei-Pin	Unqualified opinion
2018	KPMG	Yu, Sheng-Ho、Wu, Mei-Pin	Unqualified opinion

2. Five-Year Financial Analysis：

2.1 Individual Financial Analysis - Adopting International Financial Reporting Standards：

Item \ Year		Financial analysis for the past five years					as of Mar. 31, 2019
		2014 (Note 2)	2015	2016 (Note 3)	2017	2018	
Financial structure (%)	Debt to asset ratio	16.24	16.19	29.39	31.92	34.60	None 1
	Long term capital to property, plant and equipment ratio	3,083.57	993.69	850.79	805.70	751.06	
Solvency (%)	Current ratio	511.56	315.85	190.02	158.60	135.05	
	Quick ratio	481.90	292.79	180.64	156.35	132.79	
	Interest coverage ratio	5,523.59	298,943.00	661,075.00	-	-	
Operating capacity	Receivable turnover rate (times)	15.88	16.30	13.24	10.52	9.56	
	Average cash recovery day	22.98	22.39	27.56	34.69	38.17	
	Inventory turnover rate (times)	2.41	3.88	3.64	10.09	18.93	
	Payable turnover rate (times)	12.34	10.71	4.79	5.81	4.72	
	Days sales outstanding	151.45	94.07	100.27	36.17	19.28	
	Property, plant and equipment turnover rate (times)	36.11	10.98	5.85	5.84	6.13	
	Total asset turnover rate (times)	0.74	0.62	0.49	0.49	0.53	
Profitability	Return on assets (%)	28.56	23.21	22.82	18.71	22.48	
	Return on equity (%)	34.99	27.71	29.79	26.99	33.68	
	Pre-tax net profit to paid-in capital ratio (%)	171.81	146.00	155.16	141.02	172.28	
	Net profit rate (%)	38.44	36.97	46.03	47.85	41.99	
	Earnings per share (NT$)	10.86	12.16	13.07	15.00	14.04	
Cash flow	Cash flow ratio (%)	200.60	193.07	145.61	66.26	78.09	
	Cash flow adequacy ratio (%)	103.95	120.76	147.46	132.35	124.65	
	Cash reinvestment ratio (%)	23.75	27.04	66.91	(12.14)	3.5	
Leverage	Operating leverage	1.12	1.01	0.98	1.27	1.21	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	

Note 1: There were remaining financial analysis has not been reviewed by accountants in the first quarter of 2019 as of the date of publication of the Annual Report.。

(1) The change in inventory turnover rate and days sales outstanding was mainly due to the fact that the company sold 101 original T-shirts in the middle of 106 years, resulting in a significant decrease in inventory..

(2) The change in receivable turnover rate was mainly due to the structural adjustment of the company's famous products platform at the end of 107, so the reduction of the company's goods consignment and buyouts and other accounts payable decreased..

(3) The return on assets, return on equity, and pre-tax net profit to paid-in capital ratio were mainly due to the gradual fermentation growth of the Banner advertising business of the Company, and the rebound in the housing market led to the growth of revenue

Item \ Year	Financial analysis for the past five years					as of Mar. 31, 2019
	2014 (Note 2)	2015	2016 (Note 3)	2017	2018	
and the scale of the platform economy, so net profit growth. Note 2: The Company took January 1, 2015 as the reference date of the merger/consolidation, and proceed short-form merger/consolidation to 518 Technology Co., Ltd., a subsidiary company. Due to the reorganization, the accounting adopts the book value method and is regarded as re-editing the previous parent company only financial statements from the initial merger/consolidation. Therefore, when the Company prepared the parent company only financial statements for 2015, it has retrospectively re-edited the parent company only financial statements for 2014. Note 3: In order to concentrate more on the operation of Internet platforms, the Company's 101 Original T-shirt department was sold to Newcross Co., Ltd. by the resolution of the Board of Directors on March 14, 2017, and the business transfer and transaction were completed on June 14, 2017. Since the Department was not a closed business unit or assets to be sold on December 31, 2016, the consolidated income statement of the previous year was re-edited and the closed business unit and the continued business unit were separately listed.						

2.2 Consolidated Financial Analysis - Adopting International Financial Reporting Standards：

Item \ Year		Financial analysis for the past five years					as of Mar. 31, 2019
		2014	2015	2016 (Note 2)	2017	2018	
Financial structure (%)	Debt to asset ratio	17.57	17.55	30.10	34.60	35.98	None 1
	Long term capital to property, plant and equipment ratio	2,949.67	265.21	251.94	239.99	243.29	
Solvency (%)	Current ratio	481.71	339.34	204.56	168.91	151.89	
	Quick ratio	454.28	317.42	194.77	166.84	149.56	
	Interest coverage ratio	5,529.2	299,319.5	662,750.0	-	-	
Operating capacity	Receivable turnover rate (times)	15.88	15.89	14.99	10.11	9.35	
	Average cash recovery day	22.98	22.97	24.34	36.10	39.03	
	Inventory turnover rate (times)	2.03	3.39	5.06	7.39	16.81	
	Payable turnover rate (times)	180.96	133.56	50.33	37.71	64.53	
	Days sales outstanding	179.80	107.66	72.13	49.39	21.71	
	Property, plant and equipment turnover rate (times)	33.68	3.54	1.96	1.78	1.97	
	Total asset turnover rate (times)	0.72	0.62	0.58	0.49	0.53	
Profitability	Return on assets (%)	27.95	22.82	22.50	23.27	21.98	
	Return on equity (%)	34.99	27.68	29.75	34.44	33.96	
	Pre-tax net profit to paid-in capital ratio (%)	171.98	146.18	155.63	144.02	177.00	
	Net profit rate (%)	38.44	36.72	38.70	46.65	40.96	
	Earnings per share (NT$)	14.11	12.16	13.07	15.00	14.04	
Cash flow	Cash flow ratio (%)	146.28	150.24	133.33	69.91	72.17	
	Cash flow adequacy ratio (%)	54.63	57.14	85.70	83.68	99.63	
	Cash reinvestment ratio (%)	14.50	10.10	34.94	1.67	1.29	

Item \ Year		Financial analysis for the past five years					as of Mar. 31, 2019
		2014	2015	2016 (Note 2)	2017	2018	
Leverage	Operating leverage	1.09	1.31	1.12	1.48	1.40	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	

Note 1: There were remaining financial analysis has not been reviewed by accountants in the first quarter of 2019 as of the date of publication of the Annual Report.。

(1) The change in inventory turnover rate and days sales outstanding was mainly due to the fact that the company sold 101 original T-shirts in the middle of 106 years, resulting in a significant decrease in inventory..

(2) The change in receivable turnover rate was mainly due to the structural adjustment of the company's famous products platform at the end of 107, so the reduction of the company's goods consignment and buyouts and other accounts payable decreased..

(3) The return on assets, return on equity, and pre-tax net profit to paid-in capital ratio were mainly due to the gradual fermentation growth of the Banner advertising business of the Company, and the rebound in the housing market led to the growth of revenue and the scale of the platform economy, so net profit growth.

(4) The change in the Cash reinvestment ratio is mainly due to the fact that the cash dividends issued during the period are higher than in previous years.

Note 2: In order to concentrate more on the operation of Internet platforms, the Company's 101 Original T-shirt department was sold to Newcross Co., Ltd. by the resolution of the Board of Directors on March 14, 2017, and the business transfer and transaction were completed on June 14, 2017. Since the Department was not a closed business unit or assets to be sold on December 31, 2016, the consolidated income statement of the previous year was re-edited and the closed business unit and the continued business unit were separately listed.

The above financial analysis is calculated as follows:

1. Financial structure
   (1) Debt to asset ratio = total liabilities / total assets
   (2) Long term capital to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense in the current period
3. Operating capacity
   (1) Receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)
   (2) Average cash recovery date = 365 / receivables turnover rate
   (3) Inventory turnover rate = sales cost / average inventory
   (4) Payable (including accounts payable and notes payable due to business) turnover rate = cost of sales / average balance payable on each period (including accounts payable and notes payable due to business)
   (5) Days sales outstanding = 365 / inventory turnover rate
   (6) Property, plant and equipment turnover = net sales / net average property, plant and equipment value
   (7) Total asset turnover rate = net sales / average total assets
4. Profitability
   (1) Return on assets = [after tax profit and loss + interest expense × (1 - tax rate)] / average total assets
   (2) Return on equity = after tax profit and loss / average equity
   (3) Net profit rate = after tax profit and loss / net sales
   (4) Earnings per share = (profit or loss attributable to parent company owner - special dividend) / weighted average number of issued shares

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years / (capital expenditure + inventory increase + cash dividend) in the last five years

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long term investment + other non-current assets + working capital)

6. Leverage:

(1) Operating leverage = (net operating income - changing operating costs and expenses) / operating profit.

(2) Financial leverage = operating profit / (operating profit - interest expense)

3. Supervisors' s Report for the Most Recent Year：

ADDcn Technology Co., Ltd

Supervisors' Review Report

The Board of Directors has prepared the business report, the financial statements, and the earnings distribution of the Company for the year of 2018. Among them, the financial statements have been reviewed by KPMG Accountant Yu, Sheng-Ho and Accountant Wu, Mei-Pin appointed by the Board of Directors, and the audit report has been issued.

The above-mentioned business report, financial statements, and earnings distribution have been reviewed by the supervisors. We considered that there is no inconsistency. In accordance with the provisions of Article 219 of the Company Act, the report is prepared and submitted for inspection.

To

2018 Shareholders' Meeting of ADDcn Technology Co., Ltd

Supervisor: Rui Qi investment ltd

Supervisor: Huang, Mu-Quan

Supervisor: Chen, Jin-Han

March 14, 2019

4. Latest Financial Statements: Please refer to Appendix.

5. Latest Parent Company Only Financial Statements Audited and Certified by CPAs: Please refer to Appendix.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of Financial Status：

Unit: NT$ thousand; %

Item \ Year	2018	2017	Difference	
			Amount	%
Current assets	1,422,566	1,601,257	-178,691	-11.16%
Investment by Equity method	-	-	-	-
Property, plant and equipment	721,297	779,914	-58,617	-7.52%
Intangible assets	111,326	119,151	-7,825	-6.57%
Other assets	436,241	319,434	116,807	36.57%
Total assets	2,691,430	2,819,756	-128,326	-4.55%
Current liabilities	936,547	947,966	-11,419	-1.20%
Long-term liabilities	31,794	27,768	4,026	14.50%
Total liabilities	968,341	975,734	-7,393	-0.76%
Interests attributable to parent company owner	1,702,374	1,833,813	-131,439	-7.17%
Common stock	425,790	425,805	-15	0.00%
Capital reserve	421,815	566,585	-144,770	-25.55%
Retained earnings	1,057,324	978,490	78,834	8.06%
Other components of equity	-202,555	-137,067	-65,488	47.78%
Non-controlling interests	20,715	10,209	10,506	102.91%
Total equity	1,723,089	1,844,022	-120,933	-6.56%

1. For the changes of 20% or more, and the changes with an amount of NT$10 million or more:

(1) The change in other assets was mainly due to the increase in assets of the Company in the acquisition of Taichung Office due to operational expansion in the year of 2018.

(2) The change of capital reserve was mainly due to the capital reserve cash dividend in 2017.

(3) The change in other components of equity is mainly due to the unrealized gains and losses of the financial assets measured by fair value of the Company's other comprehensive profit or loss in the year 2018.

(4) The main reason for the change in non-controlling interests is the simultaneous increase in non-controlling interests due to the significant growth in the profitability of the transfer investment company.

2. Future countermeasures:

These differences are normal business changes and have no significant impact on the Company's financial situation.

2. Analysis of Financial Performance：

Unit: NT$ thousand; %

Item \ Year	2018	2017	Difference	% of change
Operating revenues	1,478,744	1,371,193	107,551	7.84%
Operating costs	308,567	296,124	12,443	4.20%
Gross profit	1,170,177	1,075,069	95,108	8.85%
Operating expenses	441,917	472,792	-30,875	-6.53%
Operating income	728,260	602,277	125,983	20.92%
Non-operating income and expenses	25,393	10,968	14,425	131.52%
Income from continuing operations before income tax	753,653	613,245	140,408	22.90%
Income tax expense	147,849	108,520	39,329	36.24%
Continued business unit net income	605,804	504,725	101,079	20.03%
closed business unit profit (loss)	-	134,990	-	-
Net income	605,804	639,715	-33,911	-5.30%
Other comprehensive income (net after tax)	-81,804	-63,253	-18,551	29.33%
Total comprehensive income	524,000	576,462	-52,462	-9.10%
Net profit attributable to the Stockholders of the parent	595,540	634,379	-38,839	-6.12%
Total comprehensive income (loss) attributable to the Stockholders of the parent	514,395	571,126	-56,731	-9.93%

For the changes of 20% or more, and the changes with an amount of NT$10 million or more:

(1) Operating net profit, net profit before tax and net profit change of continuing business units in the current period mainly due to the gradual fermentation growth of the Banner advertising business of the Company, and the housing market economy rebounded to revenue growth, the platform economy scale appeared, so the operating net profit and tax before Net profit and continuing business unit's net profit growth for the period.

(2) Changes in non-operating income and expenses were mainly due to exchange rate fluctuations in 106 years, resulting in large exchange losses, and changes were small in 107 years.

(3) The change in the business unit (loss) is mainly due to the fact that the company sold 101 original T-shirts in the middle of 106 years.

(4) The change in income tax expenses is mainly due to the increase in income tax expenses due to the adjustment of the 107 annual tax rate and the increase in net profit before tax.

(5) The change in other comprehensive profit or loss (net after tax) for the period is mainly due to the unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses.

To set the Company’s annual performance target according to the industrial environment and the future supply and demand situation of the market, and considering the number of members and past business performance. In addition, we will strengthen the efficiency of internal management, improve business performance and increase the launch of new undertakings. It is expected that the Company's future sales will be able to maintain a sustained growth.

3. Analysis of Cash Flow：

3.1 Cash Flow Analysis for the Current Year：

Unit: NT$ thousand; %

Item	2018	2017	% of change	
			Amount	%
Operating activities	675,945	662,769	13,176	1.99%
Investment activities	35,648	-107,341	142,989	133.21%
Fund-raising activities	-658,540	-636,446	-22,094	-3.47%
Exchange rate impact	-1,251	-4,957	3,706	74.76%
Net cash flow	51,802	-85,975	137,177	160.25%
The main reasons for the recent changes in cash flow are as follows: (1) Changes in investment activities and net cash flows were mainly due to cash outflows arising from the acquisition of financial assets for sale by the Company in 2017				

3.2 Remedy for a lack of liquidity：

The Company's net cash flow in recent years is a net outflow, mainly due to cash dividends and investment in financial products, and there is no cash shortage.

3.3 Analysis of cash flow in the coming year：

It is anticipated that revenue will continue to grow in the coming year, and the Company is at the stage of growth and profitability, so there is no risk of insufficient liquidity or cash shortage.

4. Major Capital Expenditure Items：

Due to the good operation of the Company, stable cash inflows from operating activities and no significant capital expenditure in the past year, so there is no significant financial impact to the Company.

5. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year：

5.1 Reinvestment policy in the past year：

Based on the operational needs and future development considerations, the Company makes re-investment mainly in the related fields of the industry in order to enhance the overall operating performance of the Company.

Unit: NT$ thousand

Re-investment company	Shareholding ratio	Recognition of profits and losses in the past year	Policy	Major reasons for profit or loss	Improvement plan	Investment plan in the coming year
ADDCN Technology (Samoa) Co., Ltd	100%	12,846	Offshore holding company	Recognition of business benefits of re-invested Companies	-	-
addcn Technology (Shenzhen) Co., Ltd	100%	10,913	Providing website maintenance and customer services to ADDcn Technology (Hong Kong) Co., Ltd	Providing labor services and cost control well.	-	-
ADDcn Technology (Hong Kong) Co., Ltd	70%	1,951	Expanding overseas market	It’s just established, and to gain visibility in the market.	-	-
digit marketing Co., Ltd	33.29%	15,005	Management of website advertising solicitation	The company's deep cultivation in the industry complements the Company's brand awareness and enhances profitability.	-	-

Note: Lost controlling right in October 2018.

5.2 Main reasons for profit or loss and improvement plan：

The main reason for the loss of the Company's reinvestment ADDcn Technology (Hong Kong) Co., Ltd is that it has just been established and needs to open up brand awareness in the market, so it invests a lot of marketing expenses. The company has accumulated a considerable number of members, network traffic and items, and the management team has launched different sales portfolios to test local consumption patterns, so the loss has been reduced compared with the previous period, and should be able to turnaround in future.

5.3 Investment plan in the coming year: None.

6. Analysis of Risk Management：

6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1)Interest rate

he Company does not have bank loans. It is estimated that there will be no demand for loans within one year. Therefore, changes in interest rates should not increase the expenses of the Company. The company's capital is mainly deposited, demand and fixed. Interest income in 2017 and 2018 is NT$ 6,031 thousand and NT$ 6,117 thousand respectively, accounting for 0.44% and 0.41% of net operating income, respectively. The ratio is little, and the impact on the Company's profit and loss is limited.

(2)Foreign exchange rates

The Company's purchases and sales are mainly denominated in NT$, and the exchange benefits (losses) of each year mainly come from the collection and payment of labor costs between the related companies. In the past two years, the proportion of combined exchange gains and losses to net revenue and operating interests is less than 1%. It is obvious that exchange rate fluctuations do not have a significant impact on the company's profits and losses.

(3)Inflation

Up to now, the Company has not had a significant impact on inflation. We will continue to pay close attention to the overall price and market changes, adjust the price and control the cost structure properly to adapt to the market environment.

6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company has focused on the operations of the industry and the financial operations are based on the principle of conservative and stable, and are not engaged in high-risk and highly leveraged investments. We have relevant operating procedures for loans to others, endorsements and guarantees and derivative trading. As of the date of publication of the prospectus, the Company did not have the matters of loans to others, endorsements and guarantees and derivative trading.

6.3 Future Research & Development Projects and Corresponding Budget

The Company's future R&D plan will continue to optimize the services of the original entrance website and develop new application services by utilizing the accumulated knowledge and technology of the Company's Internet architecture. By providing new, diverse and convenient features to enhance the cohesion of customers, attract new members, and continue to expand market share, and move toward the development, operation, and promotion of Internet industry.

The R&D expenses of the Company in 2017 and 2018 are NT$ 64,482 thousand and NT$ 54,682 thousand respectively, accounting for 4.70% and 3.70% of the annual revenue respectively. In the future, we will continue to invest R&D resources and develop new products that meet market trends and customer needs according to the Company's operating conditions, profit targets and product development plans.

6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company not only follows the domestic and international laws and regulations, but also pays attention to the development trend of domestic and foreign policies and changes in

regulations. Professionals are appointed to accept relevant courses of internal and external training from time to time in order to fully grasp the domestic and foreign changes of political and economic situation. Up to now, the company's financial business has not been significantly affected by changes in domestic and foreign policies or laws.

6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

With the progress of technology, the rapid growth of global computer usage and the upgrading of broadband services in recent years, the penetration rate of computers and Internet has become higher and higher, and the lifestyle has changed accordingly. Since its establishment, the Company has continuously upgraded its service quality and dedicated itself to providing new online functions. It has also actively sought new applications of related information services, providing convenience and integrity of the platform. We always pay attention on the technological changes of the industry and the development trend of e-commerce, respond quickly and grasp the opportunity to increase profits. Therefore, technological and industrial changes have a positive impact on the Company's financial and business.

6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures

Since its establishment, the Company has been focusing on its own business, product development, internal management and strict compliance with relevant laws and regulations. So far, nothing has happened to affect the corporate image. In the future, we will follow the relevant laws and regulations, implement various corporate governance requirements, consult relevant experts in time to reduce the occurrence of such risks and their impact on the Company's financial and business.

6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

As of the date of publication of the prospectus in the past year, there are no ongoing M&A, and no M&A for other companies. The Company has set up a “M&A Special Committee”. In the future, if there is a plan for M&A, it will adopt a prudent assessment attitude, consider the combined effect and submit it to the M&A Special Committee for consideration to ensure the protection of shareholders' equity.

6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Company is not a manufacturing and not applicable of expanding plant. In addition, the Company's planning for expanding websites will assess the risks and propose strategies to deal with them through operational planning, market assessment, product design and financial estimation.

6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(1)Purchase:

The Company’s 8591(Virtual Treasure Trading), 591(Property Trading), 8891(Cars Trading) and 518 (Human Resource) are Internet trading platform providers, and not applicable of physical purchase and manufacturing. There is no risk of concentration of purchase.

In addition, the Company's 101 Original T-shirt sells clothing to a number of apparel factories, there is no risk of concentration of purchase.

(2)Sales:

Due to the characteristics of the Company's industry, there is no specific sales target, and the total revenue of the top ten customers only accounts for less than 10% of the Company's total revenue, so there should be no risk of concentration of sales. ◦

6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

As of the date of publication of the prospectus in the past year, the Company has no mass share transfer of or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares.

6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights

The Company's ownership is mainly concentrated in the supervisors, directors and employees. They have a strong sense of mission to the company and have long participated in the Company's major decisions, resulting in the Company's high growth and good business performance in recent years. In the future, we will also adhere to the sound and honest management concept and ethics in order to win the recognition of all shareholders to the management team. Therefore, the Company does not have the impact and risk of the change of management.

6.12 Litigation or Non-litigation Matters

(1)Major ongoing lawsuits, non-lawsuits or administrative lawsuit

NT$: million

Party	Litigation start date	Amount involved	Fact	Current status as of the date of publication of the annual report
Plaintiff: Feng Huang Ming Technology Co., Ltd Defendant: The Company	July 14, 2010	—	The Company's website is suspected of plagiarizing the execution content of the website owned by Feng Huang Ming Technology Co., Ltd.	The plaintiff has filed a criminal complaint. The case was settled out of court on March 21, 2011. The Company paid NT$700 thousand for Feng Huang Ming and provided free text advertisements on the home page of 518 Tasker (Outsourcing) for two months.
Plaintiff:104 Corporation Defendant: The Company	August 22, 2011	1.05	The Company's website involves illegal infringement of 104 Corporation's business secrets and violation of fair competition.	The lawsuit amount requested by the plaintiff is NT$105 thousand. The case was settled out of court on October 7, 2011. The Company paid NT$600 thousand to 104 Corporation.
Plaintiff: Lin, ○-Yu, as the Rental and Sales Report Magazine Defendant: The Company	September 15, 2011	3.00	The Company's website involves infringing copyright of Lin, ○-Yu, as the Rental and Sales Report Magazine.	The lawsuit amount requested by the plaintiff in this case was NT$3,000 thousand and an apology was revealed in the designated newspaper. The case was settled out of court on December 15, 2011. The Company paid NT$650 thousand and published an apology in the designated newspaper for Lin, ○-Yu, as the Rental and Sales Report Magazine.
Plaintiff: Sun, ○-Yang, Xu, ○-Cheng Defendant: The Company	October 16, 2012	1.00	Members of the Company's website reported that the plaintiffs sold the illegally acquired game points, so we suspended the account that the plaintiff applied for at the Company.	The plaintiff did not appeal to the court, that is, a decree, so it has no impact on the company's financial or business.

Party	Litigation start date	Amount involved	Fact	Current status as of the date of publication of the annual report
			The plaintiffs requested the restoration of the plaintiffs' accounts and compensation of NT$1,000 thousand.	
Plaintiff:104 Corporation Defendant: The Company	Complaint received on May 15, 2013	1.575	The Company's website involves illegal infringement of 104 Corporation's business secrets.	104 Corporation litigation case, the case cannot be appealed, the second instance was decided by Dec. 4, 2013 judgement, the judgment is as follows: The main text: "The company shall pay NT$100 thousand to 104 Corporation and interest calculated at an annual interest rate of 5% from May 16, 2013 to the liquidation date." It has no effect on the Company's financial or business.
Plaintiff: HouseFun International Co., Ltd Defendant: The Company	December 19, 2014	100	The plaintiff requested the defendant to pay the plaintiff NT$100,000 thousand due to the dispute between R.O.C Patent M476330 and the application product of the defendant's "591(Property Trading)" (including but not limited to the IOS and Android versions).	At present, the Company has prevailed. The plaintiff's lawsuit and the claim of provisional execution filed by HouseFun International Co., Ltd have been rejected.
Plaintiff: Taipei Financial Center Corporation Defendant: The Company	Complaint received on April 21, 2017	—	The plaintiff brought a lawsuit against the defendant to exclude the infringement of trademark rights because of the trademark of the "VIP Brands Outlet".	In the first instance, Wang Ba Company was awarded a partial victory. The case is currently in the Intellectual Property Court. The second instance is awaiting appeal, so it is impossible to predict the probability of the case and the exact number of impacts.

In the above lawsuit cases, the company paid NT$195 thousand in 2011. This amount only accounted for 0.63% of the net profit before tax in 2011. It has no significant impact on the shareholders' equity or securities prices of the Company.

In 2012 and 2011, our company fined NT$300 and NT$600 for falsely advertising violations of the Fair Trade Act, which accounted for only 0.08% and 0.19% of the pre-tax net profit in 2012 and 2011, and had no significant impact on our shareholders' equity or securities prices.

In March 2013, Cathay Pacific Bank was entrusted to open a trust account to keep the transaction funds collected from its members by the Company's "「8591(Virtual Treasure Trading)". Subsequently, in September 2013, E.Sun Bank was commissioned the collection and payment service for "8591(Virtual Treasure Trading)".

(2)Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings：

Party	Litigation start date	Amount involved	Fact	Current status as of the date of publication of the annual report
The Company: Chairman Liao, ○-Fang Director Wang, ○-Yu General Manager Wu, ○-Hsien	September 4, 2014	—	On November 28, 2013, the Taiwan New Taipei District Prosecutors Office directed the Northern Region Mobile Unit of the Investigation Bureau of the Ministry of Justice to the company's "8591(Virtual Treasure Trading)" for investigation of the payment mechanism involves stored value and there is a violation of the "Act Governing Issuance of Electronic Stored Value Cards" , and asked the relevant personnel to provide explanations. This case was prosecuted by the Taiwan New Taipei District Prosecutors Office.	The judgement was not guilty in first instance. The second instance was notified by the Criminal Court of the Taiwan High Court on November 03, 2017. At present, the case belongs to the Taiwan High Court and is still awaiting litigation. It is impossible to predict the probability and the exact number of impacts.

7. Other Major Risks：None。

VIII. Special Disclosure

1. Summary of Affiliated Companies：Please refer to page 75 of the Chinese annual report.
2. Private Placement Securities in the Most Recent Years: None.
3. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent YearsNone.
4. Other Necessary Supplementary Notes：

Handling of Going TPEx Commitments：

Going TPEx Commitments	Handling of Commitments
(1) Commitment to add "The company may not abandon the capital increase of ADDCN Technology (Samoa) Co., Ltd (hereinafter referred to as ADDCN (Samoa) for the next years. Digital Technology (Samoa) shall not give up the future capital increase of addcn Technology (Shenzhen) Co., Ltd or the next years. In the future, if the Company has to abandon the capital increase or dispose of the above companies by the capital increase consideration or other agreement of the Taipei Exchange, it must subject to a special resolution of the Board of Directors." to "Procedures for Acquisition and Disposal of Assets". If any amendments are made thereafter, the disclosure of important information from the Public Information Observatory shall be entered and reported to the Republic of China Counter Trading Center, a consortium legal person, for reference. If the procedure is revised, it should be posted into the MOPS and reported to the Taipei Exchange for future reference.	The company has written to promise that it will be handled in accordance with the relevant provisions in the future. The Board of Directors and the Shareholders' Meeting have adopted the additional commitments listed in the left column on March 20, 2014 and June 13, 2014, respectively.
(2) Commitment the Taipei Exchange may, if necessary, require the Company to entrust an accountant or institution designated by the Taipei Exchange to conduct external professional inspection in accordance with the scope of inspection designated by the Taipei Exchange, and submit the inspection results to the Taipei Exchange, and the Company shall bear the relevant expenses.	The company has written to promise that it will be handled in accordance with the relevant provisions in the future.



ADDcn Technology Co., Ltd

Chairman:Liao, Shih-Fang

Stock Code:5287

Addcn Technology Co., Ltd. AND SUBSIDIARIES

Consolidated Financial Statements

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

Address: 10F, No.12, ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)
Telephone: +886-2-2999-5691

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9～15
(4) Summary of significant accounting policies	16～36
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	36～37
(6) Explanation of significant accounts	37～65
(7) Related-party transactions	65～66
(8) Pledged assets	67
(9) Significant Commitments and Contingencies	67～68
(10) Losses Due to Major Disasters	68
(11) Subsequent Events	68
(12) Other	68～69
(13) Other disclosures	
(a) Information on significant transactions	70～71
(b) Information on investees	71
(c) Information on investment in mainland China	72
(14) Segment information	73～74

Representation Letter

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

Company name: Addcn Technology Co., Ltd.
Chairman: Shi-Fang Liao
Date: March 14, 2019

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Addcn Technology Co., Ltd.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming in our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditor's report are listed below:

1. Impairment assessment of intangible assets

   Please refer to note 4(n) for the accounting policy of intangible assets, note 5(a) for information about assumptions and estimation uncertainties of impairment of intangible assets, and note 6(m) for change in intangible assets.

   Description of key audit matter:

   The Group identified goodwill, customer relationship, job hunting member database, computer software, brands and trademarks through merger and acquisition. Those intangible assets varies with business cycle affected by the market; furthermore, there is a high uncertainty of estimation. Therefore, impairment of intangible assets is a key audit matter in our audit of the consolidated financial statements.

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

How the matter was addressed with our audit:

Our principal audit procedures included: evaluating the CGU with potential impairment that management identified and their external and internal indicators of impairment based on the understanding of the Group, assessing the accuracy of past predictions, examining the bookkeeping records and computation table the management used to measure the recoverable amounts of CGU, measuring the rationality of every assumption used in the preparation of forecasting the future cash flows and recoverable amounts, as well as evaluating whether impairment assessment is disclosed properly.

2. Revenue recognition

Please refer to note 4(p) for the accounting policy of revenue and note 6(w) and note 6(x) for composition of revenue.

Description of key audit matter:

Sales revenue of the Group is mainly generated from operating online platforms. Revenue recognition varies by different trading type and economic substance. Besides, there is large quantity of sales traded through online platforms, increasing misstatement risk of revenue recognition. Therefore, revenue recognition is a key audit matter in our audit of the consolidated financial statements.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding trading model of each online platform to assess whether each revenue recognition policy is complied with statements of auditing standards, applying computer auditing skills on testing implementation of control for online platform revenue records, and examining the amount between transaction on online platforms and book value of revenue.

Other Matter

Addcn Technology Co., Ltd. has additionally prepared its parent-company only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified opinion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Sheng-Ho Yu and Mei-Ping Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2019

Notes to Readers

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

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

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

Addcn Technology Co., Ltd. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 680,165	25	628,363	22
1110	Current financial assets at fair value through profit or loss(note 6(b))	22,340	1	-	-
1170	Note receivable and accounts receivable, net (note 6(f))	120,379	5	162,687	6
1181	Accounts receivable due from related parties, net (note 7)	20,781	1	-	-
130X	Inventories (note 6(g))	9,716	-	14,495	-
1476	Other current financial assets(note 6(n) and 8)	547,880	20	767,612	27
1479	Other current assets, others(note 6(o))	21,305	1	28,100	1
		1,422,566	53	1,601,257	56
	Non-current assets:				
1524	Non-current available-for-sale financial assets(note 6(d))	-	-	218,994	8
1518	Equity investment at fair value through other comprehensive income (note 6(c))	195,651	7	-	-
1521	Debt investment at fair value through other comprehensive income (note 6(c))	70,351	3	-	-
1543	Non-current financial assets measured at cost (note 6(e))	-	-	57,128	2
1550	Investments accounted for using equity method (note 6(h))	25,825	1	-	-
1600	Property, plant and equipment (note 6(k))	721,297	27	779,914	28
1760	Investment property, net (note 6(l))	119,187	4	18,034	1
1780	Intangible assets (note 6(m))	111,326	4	119,151	4
1840	Deferred tax assets (note 6(s))	24,271	1	24,087	1
1995	Other non-current assets, others (note 6(o))	956	-	1,191	-
		1,268,864	47	1,218,499	44
	Total assets	$ 2,691,430	100	2,819,756	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2151	Notes payable and accounts payable	$ 3,713	-	5,850	-
2200	Other payable (note 6(p))	295,850	11	347,619	13
2220	Other payable to related parties (note 7)	6,962	-	-	-
2131	Advance sales receipts (note 6(w))	199,353	8	189,148	7
2335	Receipts under custody (note 6(p))	427,355	16	399,476	14
2399	Other current liabilities, others	3,314	-	5,873	-
		936,547	35	947,966	34
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(s))	13	-	187	-
2645	Guarantee deposits received	31,781	1	27,581	1
		31,794	1	27,768	1
	Total liabilities	968,341	36	975,734	35
	Equity attributable to owners of parent (note 6(t)(u)):				
3110	Ordinary share	425,790	16	425,805	15
3200	Capital surplus	421,815	16	566,585	20
3300	Retained earnings	1,057,324	39	978,490	35
3400	Other equity interest	(202,555)	(8)	(137,067)	(5)
	Total equity attributable to owners of parent:	1,702,374	63	1,833,813	65
36XX	Non-controlling interests	20,715	1	10,209	-
	Total equity	1,723,089	64	1,844,022	65
	Total liabilities and equity	$ 2,691,430	100	2,819,756	100

See accompanying notes to consolidated financial statements.

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

Addcn Technology Co., Ltd. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
4100	Net sales revenue (note 6(w)(x) and 7)	$ 1,478,744	100	1,371,193	100
5000	Operating costs (note 6(g))	308,567	21	296,124	22
5900	**Gross profit (loss) from operations**	1,170,177	79	1,075,069	78
6000	**Operating expenses (note 6(f)(m)(r)(u)(y) and 7):**				
6100	Selling expenses	176,472	12	189,669	14
6200	Administrative expenses	199,392	13	218,641	16
6300	Research and development expenses	54,862	4	64,482	4
6450	Impairment loss determined in accordance with IFRS 9	11,191	1	-	-
	Total operating expenses	441,917	30	472,792	34
6900	**Net operating income (loss)**	728,260	49	602,277	44
	Non-operating income and expenses:				
7100	Interest income	6,117	1	6,031	-
7225	Gain on disposal of investments (note 6(c)(j))	1,921	-	-	-
7110	Rent income (note 6(q) and 7)	1,132	-	1,705	-
7130	Dividend income (note 6(c))	400	-	-	-
7190	Other income, others (note 6(z) and 7)	17,762	1	12,627	1
7375	Share of profit of associates and joint ventures accounted for using equity method (note 6(h))	118	-	-	-
7230	Foreign exchange losses	(1,232)	-	(7,148)	-
7590	Miscellaneous expense	(784)	-	(2,246)	-
7610	Loss on disposal of property, plant and equipment	(41)	-	(1)	-
	Total non-operating income and expenses	25,393	2	10,968	1
7900	**Profit (loss) from continuing operations before tax**	753,653	51	613,245	45
7951	Less: income tax expenses (note 6(s))	147,849	10	108,520	8
	Profit from continuing operations	605,804	41	504,725	37
	Profit (loss) from discontinued operation (note 12(c)):				
8101	Loss from discontinued operation, net of tax	-	-	(7,379)	(1)
8102	Gain on disposal of assets or disposal groups constituting discontinued operation, net of tax	-	-	142,369	11
	Total profit from discontinued operation	-	-	134,990	10
	Profit	605,804	41	639,715	47
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(66,729)	(5)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
8360	**Items that may be reclassified subsequently to profit or loss (note 6(aa))**				
8361	Exchange differences on translation	(12,156)	(1)	(10,870)	(1)
8362	Unrealized gains (losses) on available-for-sale financial assets	-	-	(52,383)	(4)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(2,919)	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(15,075)	(1)	(63,253)	(5)
8300	**Other comprehensive income, net**	(81,804)	(6)	(63,253)	(5)
	Total comprehensive income	**$ 524,000**	**35**	**576,462**	**42**
	Profit, attributable to:				
8610	Owners of parent	$ 595,540	40	634,379	47
8620	Non-controlling interests	10,264	1	5,336	-
		$ 605,804	**41**	**639,715**	**47**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 514,395	35	571,126	42
8720	Non-controlling interests	9,605	-	5,336	-
		$ 524,000	35	576,462	42
9750	**Basic earnings per share (NT dollars) (note 6(v))**				
	From continuing operation	$	14.04		11.81
	From discontinued operation		-		3.19
	Total basic earnings per share	$	14.04		15.00
9850	**Diluted earnings per share (NT dollars) (note 6(v))**				
	From continuing operation	$	13.93		11.71
	From discontinued operation		-		3.16
	Total diluted earnings per share	$	13.93		14.87

See accompanying notes to consolidated financial statements.

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

Addcn Technology Co., Ltd. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital		Retained earnings				Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Unearned compensation	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2017	$ 425,830	758,681	225,524	12,907	552,802	791,233	(58,567)	-	240	(51,642)	1,865,775	5,040	1,870,815
Profit for the year ended December 31, 2017	-	-	-	-	634,379	634,379	-	-	-	-	634,379	5,336	639,715
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	-	-	(10,870)	-	(52,383)	-	(63,253)	-	(63,253)
Comprehensive income for the year ended December 31, 2017	-	-	-	-	634,379	634,379	(10,870)	-	(52,383)	-	571,126	5,336	576,462
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	55,234	-	(55,234)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	45,422	(45,422)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(447,122)	(447,122)	-	-	-	-	(447,122)	-	(447,122)
Other changes in capital surplus:													
Cash dividends from capital surplus	-	(191,623)	-	-	-	-	-	-	-	-	(191,623)	-	(191,623)
Retirement of restricted stock awards	(25)	(473)	-	-	-	-	-	-	-	498	-	-	-
Share-based payments transactions	-	-	-	-	-	-	-	-	-	35,657	35,657	-	35,657
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(167)	(167)
Balance on December 31, 2017	425,805	566,585	280,758	58,329	639,403	978,490	(69,437)	-	(52,143)	(15,487)	1,833,813	10,209	1,844,022
Effects of retrospective application	-	-	-	-	-	-	-	(49,695)	52,143	-	2,448	-	2,448
Balance on January 1, 2018 after adjustment	425,805	566,585	280,758	58,329	639,403	978,490	(69,437)	(49,695)	-	(15,487)	1,836,261	10,209	1,846,470
Profit for the year ended December 31, 2018	-	-	-	-	595,540	595,540	-	-	-	-	595,540	10,264	605,804
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-	(11,497)	(69,648)	-	-	(81,145)	(659)	(81,804)
Comprehensive income for the year ended December 31, 2018	-	-	-	-	595,540	595,540	(11,497)	(69,648)	-	-	514,395	9,605	524,000
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	63,438	-	(63,438)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	63,253	(63,253)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(510,966)	(510,966)	-	-	-	-	(510,966)	-	(510,966)
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	-	641	-	-	-	-	-	-	-	-	641	-	641
Cash dividends from capital surplus	-	(149,032)	-	-	-	-	-	-	-	-	(149,032)	-	(149,032)
Changes in ownership interests in subsidiaries	-	-	-	-	(5,740)	(5,740)	-	-	-	-	(5,740)	5,740	-
Share-based payments	-	3,905	-	-	-	-	-	-	-	12,910	16,815	2,493	19,308
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(7,332)	(7,332)
Retirement of restricted stock awards	(15)	(284)	-	-	-	-	-	-	-	299	-	-	-
Balance on December 31, 2018	$ 425,790	421,815	344,196	121,582	591,546	1,057,324	(80,934)	(119,343)	-	(2,278)	1,702,374	20,715	1,723,089

See accompanying notes to consolidated financial statements.

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

Addcn Technology Co., Ltd. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	$ 753,653	613,245
Profit from discontinued operation before tax	-	163,488
Profit before tax	753,653	776,733
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	28,523	27,022
Amortization expense	9,458	9,136
Expected credit loss / Provision for bad debt expense	11,191	397
Interest income	(6,117)	(6,031)
Dividend income	(400)	-
Share-based payments transcations	19,308	35,657
Share of profit of associates and joint ventures accounted for using equity method	(118)	-
Loss on disposal of property, plan and equipment	41	1
Property, plan and equipment transferred to expenses	5	-
Gain on disposal of investments	(240)	-
Gain on disposal of investments accounted for using equity method	(1,681)	-
Unrealized foreign exchange loss (gain)	(55)	2,584
Gain on sale of discontinued operation	-	(172,425)
Gain from price recovery of inventory	(5,700)	-
Total adjustments to reconcile profit (loss)	54,215	(103,659)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(16,008)	(55,446)
Accounts receivable due from related parties	(20,781)	-
Inventories	10,479	32,912
Other current assets	5,369	21,622
Other financial assets	9,659	(56,665)
Total changes in operating assets	(11,282)	(57,577)
Changes in operating liabilities:		
Notes and accounts payable	(2,137)	(4,005)
Accounts payable to related parties	17,787	-
Other payable	(51,776)	102,839
Other payable to related parties	6,962	-
Advance sales receipts	15,603	19,896
Other current liabilities	(644)	2,757
Receipts under custody	27,976	43,540
Total changes in operating liabilities	13,771	165,027
Total changes in operating assets and liabilities	2,489	107,450
Total adjustments	56,704	3,791

See accompanying notes to consolidated financial statements.

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

Addcn Technology Co., Ltd. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash inflow generated from operations	810,357	780,524
Interest received	6,152	6,016
Income taxes paid	(140,564)	(123,771)
Net cash flows from (used in) operating activities	675,945	662,769
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(67,073)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	10,288	-
Acquisition of financial assets at fair value through profit or loss	(22,340)	-
Acquisition of available-for-sale financial assets	-	(250,803)
Proceeds from disposal of available-for-sale financial assets	-	50,000
Acquisition of financial assets measured at cost	-	(27,628)
Proceeds from disposal of subsidiaries	(25,955)	-
Proceeds from disposal of discontinued operation	-	164,350
Acquisition of property, plant and equipment	(17,683)	(7,370)
Decrease in refundable deposits	177	709
Acquisition of intangible assets	(1,942)	(2,159)
Acquisition of investment properties	(66,463)	-
Decrease (increase) in other financial assets	226,239	(34,440)
Dividends received	400	-
Net cash flows from (used in) investing activities	35,648	(107,341)
Cash flows from (used in) financing activities:		
Increase in guarantee deposits received	4,200	2,466
Cash dividends paid	(659,998)	(638,745)
Contribution by non-controlling interests	(2,742)	(167)
Net cash flows from (used in) financing activities	(658,540)	(636,446)
Effect of exchange rate changes on cash and cash equivalents	(1,251)	(4,957)
Net increase (decrease) in cash and cash equivalents	51,802	(85,975)
Cash and cash equivalents at beginning of period	628,363	714,338
Cash and cash equivalents at end of period	$ 680,165	628,363

See accompanying notes to consolidated financial statements.

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

Addcn Technology Co., Ltd. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

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

(1) Company history

Addcn Technology Co., Ltd. (the "Company") was incorporated in January 23, 2007 as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company was registered in 10F, No.12, Lane 609, Sec 5, Chungshin Rd., Sanchung Dist., New Taipei City. The consolidated financial statements of the Group as of and for the year ended December 31, 2018 comprised the financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The major business activities of the Company are online trade platform operation and services. Please refer to note 14 for related information of the Group entities' main business activities. Since January 20, 2014, the Company's ordinary shares have been listed on the Taiwan Over-The-Counter Securities Exchange (Gre Tai Securities Market).

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2019.

(3) New standards, amendments and interpretations adopted:

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

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

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

(Continued)

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

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

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

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

1) Sales of goods

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

2) Rending of services

The Group provides digital advertising platforms and related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognized using the stage-of-completion method. Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

3) Commission

For commissions earned by the Group, the Group has determined that it acts in the capacity of an agent for certain transactions. Under IFRS 15, the assessment will be based on the whether the Group controls the specific goods before transferring to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

4) Impacts on financial statements

The cumulative effect upon the initially application of IFRS 15 is zero , and this change of accounting policy has no effect on its consolidated financial statement, that is, the information of consolidated financial statement which does not apply IFRS 15 is the same as this consolidated financial statement. Therefore, there is no need to disclose the consolidated financial statement without applying IRFS 15.

(ii) IFRS 9 "Financial Instruments"

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

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

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

1) Classification of financial assets and financial liabilities

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

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

2) Impairment of financial assets

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

3) Transition

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

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

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

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

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

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

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

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

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

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and equivalents	Loans and receivables	628,363	Amortized cost	628,363
Debt securities	Available-for-sale (note 1)	83,263	FVOCI	83,263
Equity securities	Available-for-sale (note 2)	135,731	FVOCI	135,731
	Available-for-sale (measured at cost)	57,128	FVOCI	59,576
Trade and other receivables	Loans and receivables	162,687	Amortized cost	162,687
Other financial assets	Loans and receivables	767,612	Amortized cost	767,612

Note1: The corporate debt securities categorized as available-for-sale under IAS 39 are held by the Group' s treasury unit in a separate portfolio to provide interest income; however, they may be sold to meet liquidity requirements arising in the normal course of business. The Group considers that these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling securities. The corporate debt securities mature in one to two years and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at FVOCI under IFRS 9.

(Continued)

Note2: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Accordingly, an increase of $2,448 in those assets recognized, and an increase of $2,448 in the other equity.

Note3: Trade, note and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 276,122	(276,122)	-		-	-
From available-for-sale to FVOCI	-	276,122	2,448		-	2,448
Total	$ 276,122	-	2,448	278,570	-	2,448

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

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

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

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

(i) IFRS 16"Leases"

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

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

1) Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose to apply either of the following:

· IFRS 16 definition of a lease to all its contracts; or

· a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

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

2) Transition

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

· retrospective approach; or

· modified retrospective approach with optional practical expedients.

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

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

– apply a single discount rate to a portfolio of leases with similar characteristics.

– adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.

– apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.

(Continued)

- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for the operating leases of its offices and company car. The Group estimated that the right-of-use assets and the lease liabilities to increase by $6,178 and $6,178 respectively. Also, the Group is not required to make any adjustments for leases where the Group is the intermediate lessor in a sub-lease.

(ii) IFRIC 23 Uncertainty over Income Tax Treatments

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

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

So far, the Group does not expect the above changes would have a material impact on the assets, liabilities, and equities on January 1, 2019.

The actual impact of adopting the standards may change depending on the economic conditions and events which may occur in the future.

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

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

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

The Group assessed that the above IFRSs may not be relevant to the Group.

(4) Summary of significant accounting policies:

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

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value.

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The comprehensive income

(Continued)

of the subsidiary is attributed to the parent, within equity. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of the subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the non-controlling equity adjustment and the fair value of the consideration paid or received is directly recognized in equity and belongs to the owners of the company.

When the Group loses control of a subsidiary, it shall derecognize assets, liabilities and non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost; and shall remeasure the investment retained in the former subsidiary at its fair value at the date when control is lost. The gain or loss arising from derecognition is the difference between: (1) the total amounts of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost; and (2) the total amounts of the assets, liabilities and non-controlling interests of the subsidiary at their carrying amounts at the date when control is lost. The Group shall account for all amounts previously recognized in other comprehensive income, in relation to that subsidiary, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Subsidiaries listed in the consolidated financial statements are included as below.

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership December 31, 2018	Percentage of ownership December 31, 2017	Description
The Company	Addcn Technology (Samoa) Co., Ltd.	Investment holding	100.00 %	100.00 %	The Company directly owns 100% of equity.
The Company	Digit Marketing Co., Ltd.	Advertising	33.29 % (Note 1)	55.00 %	The Company lost control in October 2018.
Addcn Technology (Samoa) Co., Ltd.	Addcn Technology (SHENZHEN) Co., Ltd.	Applied system management, maintenance and customer service	100.00 %	100.00 %	The Company indirectly owns 100% of equity.
Addcn Technology (Samoa) Co., Ltd.	Addcn Technology (HK) Co., Ltd.	Information supporting	70.00 % (Note 2)	100.00 %	The Company indirectly owns 70% of equity.

Note 1: Digit Marketing Co., Ltd. conducted cash offering and retained part of its shares for the employees in September and October 2018, which reduced the Company's direct holding from 55% to 33.29%. As a result, the Company lost control.

Note 2: Addcn Technology (HK) Co., Ltd. conducted cash offering and retained part of its shares for the Group's employees in September 2018, which reduced the Company's indirect holding from 100% to 70%.

(Continued)

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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) Fair value through other comprehensive income (Available-for-sale) equity investment;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

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

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

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

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

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, and short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial Instruments

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

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

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

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group' s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ' principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

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

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

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

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 1 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 60 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ' credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

(Continued)

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

7) Derecognition of financial assets

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

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in " other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

On derecognition of a part of debt instrument in which the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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

Financial assets are classified into the following categories: available-for-sale financial assets and loans and receivables.

1) Loans and receivables

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

Interest income is recognized under non-operating income and expense.

2) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and included in the non-operating income and expense. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

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

Dividend income is recognized in profit or loss on the date that the Group' s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in the non-operating income and expense.

Recovery and loss on doubtful debts of account receivable are included in the operating expense; recovery and loss on doubtful debts of other financial assets are included in non-operating income and expense.

3) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

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

(Continued)

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

4) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on available-for-sale financial assets" in profit or loss is included in non-operating income and expense.

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

A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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

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

2) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value (including long-term and short-term borrowings, account payable, and other payable, etc.), plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income and expenses.

3) Derecognition of financial liabilities

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

4) Offsetting of financial assets and liabilities

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

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

(i) Discontinued operations

A discontinued operation is a segment of the Group which it has disposed of and is solely a main practice or operation district. An operation will be classified as a discontinued operation upon disposal.

(j) Investment in associates

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

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

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

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

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

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of raw materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(iii) Subsequent cost

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

(iv) Depreciation

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

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

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

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

1)	Buildings	50 years
2)	Office equipment	1-5 years
3)	Lease improvements	1-5 years

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

(m) Lease

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into an operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Leasee

Leases are operating leases and are not recognized in the Group' s statement of financial position.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. The net profit provided by the lessor for incentive of rental purpose during the period of rental is recognized as a decrease of rental expense according to straight-line method.

Contingent rent is recognized as expense in the period in which it is incurred.

(n) Intangible assets

(i) Goodwill

1) Recognition

Goodwill arising from acquiring subsidiaries is recognized as intangible assets. The measurement of goodwill recognized as intangible assets is described in note 6(m).

2) Measurement

Goodwill is measured at cost, less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method, including goodwill that forms part of the carrying amount of such investment, is not allocated to any asset.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

(iv) Amortization

The amortizable amount is the cost of an asset less its residual value. Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

1)	Trademarks and patents	6-10 years
2)	Computer software	3-10 years
3)	Customer relationships and databases	10 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(o) Impairment of non-financial assets

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

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are tested at least annually.

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination.

If the carrying amount of each of the CGUs exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

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

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

(p) Revenue

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

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

1) Online advertising platform services

The Group provides advertising services to customers. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the actual advertising hours spent relative to the total expected advertising hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

2) Commission

The Group only acts as a platform provider when it provides online trading platform services. Commission is received by a fixed proportion of transaction price when the buyer and seller confirm that the transaction is finished.

3) Sale of goods – clothes and boutiques

The Group sells clothes and boutiques on the online platform by retail. The Group recognizes revenue when a customer takes possession of the product. Payment of the transaction price is due immediately when the customer purchases the product.

4) Financing components

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

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

1) Goods sold

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

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Transfer usually occurs when the goods is received at the place where customer designates.

2) Services

The Group provides online advertising platform services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

3) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Group.

(iii) Contract costs (policy applicable from January 1, 2018)

1) Incremental costs of obtaining a contract

The Group recognizes the incremental costs of obtaining a contract with a customer as an asset if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

·the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

·the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

·the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

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

(r) Share-based payment

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

For share based payment awards with non-vesting conditions, the grant-date fair value of the share based payment is measured to reflect such conditions, and there is no true up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

(s) Income taxes

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

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

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

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

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

(iii) Initial recognition of goodwill.

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

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

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

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

1) levied by the same taxing authority; or

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

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

(t) Earnings per share

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

(u) Operating segments

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

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding acting as a principal or as an agent on commission

In respect of commissions, the Group concludes that the following indicators provide further evidence that it does not control the specified goods before they are transferred to the customer, and therefore it acts as an agent.

- The Group neither obliged to provide the goods if the supplier fails to transfer the goods to the customer, nor responsible for the acceptability of the goods.

- The Group does not commit itself to obtain the goods from the supplier before the goods are purchased by the customer, and does not accept responsibility for any damaged or returned goods.
- The Group cannot vary the selling prices set by the supplier.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Please refer to note 6(m) for further description of the impairment of goodwill.

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

The Group has established an internal control framework with respect to the measurement of fair value, which includes founding the financial instrument valuation group to review significant unobservable inputs and valuation adjustments (including level 3 fair value) and then report to the chief directly.

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

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

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

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

Please refer to Note 6(ab) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash	$ 153	161
Demand deposits and check deposits	680,012	628,202
Cash and cash equivalents in the consolidated statement of cash flows	$ 680,165	628,363

Time deposits whose term is less than one year are classified to other financial assets.

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

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2018	December 31, 2017
Financial asset designated as at fair value through profit or loss:		
Structured Deposit	$ 22,340	-

(i) Financial asset at fair value through profit

The group signed a three-month structured term deposit contract on 2018. The structured term deposit includes an embedded derivative not closely related to the host contract. The contract in its entirety is designated as financial assets at fair value through profit or loss at initial recognition.

(ii) None of financial assets above are pledged as collateral for long-term borrowings.

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

	December 31, 2018
Debt investments at fair value through other comprehensive income:	
UPAMC China High Yield Bond Fund	$ 1,740
Amundi Funds II-Emerging Markets Bond U USD D ExD	8,723
UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD	3,695
Corporate bonds –Citigroup Global Markets Inc.	37,859
Corporate bonds –Formosa Group	18,334
Subtotal	70,351
Equity Investments at fair value through other comprehensive income:	
Domestic unlisted company -Bridge Roots Capital	23,663
Domestic unlisted company -Cherri Tech Inc.	8,538
Domestic unlisted company -Jacker Cleanning Inc.	13,123
Domestic listed company -Newretail Co., Ltd	58,197
Foreign unlisted company-Bridge Roots GP Ltd	92,130
Subtotal	195,651
Total	$ 266,002

(i) Debt investments at fair value through other comprehensive income

The Group has assessed that the following securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling securities; therefore, they have been classified as debt investments at fair value through other comprehensive income on January 1, 2018. The investments were classified as available-for-sale financial assets on December 31, 2017.

On May 30, 2018, the Group sold its investments as a result of the Group' s investment strategy. The investment sold had a fair value of $10,288 and the Group realized a gain of $240, which has been transferred from other equity interest to profit or loss.

(ii) Equity investments at fair value through other comprehensive income

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

These investments were classified as financial assets measured at cost on December 31, 2017, expect for Newretail Co., Ltd. which was classified as available-for-sale financial assets on December 31, 2017.

During the year ended December 31, 2018, the Group recognized the dividends income of $400, related to equity investments at fair value through other comprehensive income held on December 31, 2018.

No strategic investments were disposed as of December 31, 2018, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

(iii) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(ab).

(iv) None of the financial assets above are pledged as collateral for long-term borrowings..

(d) Non-current available-for-sale financial assets

	December 31, 2017
Investments in listed securities:	
Fund investments	$ 16,477
Stocks listed on domestic markets	135,731
Bond investments	66,786
Total	$ 218,994

(i) The Group invested $187,994 in private placement of Newretail Co., Ltd. and acquired 9,572 thousand shares on July 25, 2017.

(ii) The Group purchased corporate bonds issued by Formosa Group in the amount of $19,855 in January 2017, and issued by Citigroup Global Market Inc. in the amount of $37,954 in July 2017.

(iii) The Group sold Taishin 1699 Money Market Fund with a carrying value of $50,000 in July 2017, and on the other hand, the Group purchased UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD in the amount of $50,000 in September 2017.

(iv) These investments were classified as financial assets at fair value through other comprehensive income on December 31, 2018; please refer to note 6(c).

(v) For credit risk and market risk, please refer to note 6(ab).

(vi) None of the financial assets above are pledged as collateral for long-term borrowings.

(e) Financial Assets Measured at Cost

	December 31, 2017
Available-for-Sale Financial Assets:	
Domestic unlisted common shares	34,500
Foreign unlisted common shares	22,628
Total	57,128

The aforementioned investments held by the Group were measured at amortized cost as of December 31, 2017, given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably. These investments were classified as equity investments at fair value through other comprehensive income on December 31, 2018; please refer to note 6(c).

For credit risk and market risk, please refer to note 6(ab).

None of the financial assets above are pledged as collateral for long-term borrowings.

(f) Note and trade receivables

	December 31, 2018	December 31, 2017
Note receivables	$ 45	2,222
Trade receivables	132,138	161,091
Less: Loss allowance	(11,804)	(626)
	$ 120,379	162,687

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

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 110,970	0%	-
1 to 60 days past due	12,658	25%~50%	3,249
More than 60 days past due	8,555	100%	8,555
Total	**$ 132,183**		**11,804**

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

	December 31, 2017
Past due 61 to 150 days	$ 93
Past due 151 to 240 days	96
Past due 241 to 360 days	538
	$ 727

(iii) The movement in the allowance for notes and trade receivable was as follows:

		December 31, 2017	
	December 31, 2018	Individually assessed impairment	Collectively assessed impairment
Balance at January 1, 2018 and 2017 per IAS 39	$ 626	-	229
Adjustment on initial application of IFRS 9	-		
Balance at January 1, 2018 per IFRS 9	626		
Impairment losses recognized	11,191	-	397
Amounts written off	(13)	-	-
Balance at December 31, 2018 and 2017	**$ 11,804**	-	**626**

(iv) The aforementioned notes and trade receivable of the Group were not pledged as collateral for long-term borrowings.

(g) Inventories

Inventories on December 31, 2018 and 2017 were categorized as follows:

	December 31, 2018	December 31, 2017
Merchandise	$ 13,116	23,595
Less: Loss allowance	(3,400)	(9,100)
	$ 9,716	14,495

As of December 31, 2018 and 2017, inventory cost were recognized as cost of sales and expenses amounted to $46,488 and $116,064, respectively.

The Group has sold the merchandise whose cost was lower than net realizable value; therefore, the Group reversed write-downs amounted to $5,700 and reduced the cost of sold for the year ended of 2018.

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

(h) Investments accounted for using equity method

The Group's financial information for investments in individually insignificant associates accounted for using the equity method at the reporting date is as follows. These financial information are included in the consolidated financial statements.

	December 31, 2018	December 31, 2017
Carrying amount of individually insignificant associates' equity	$ 25,825	-

In 2018 and 2017, the Group's share of the net income of associates was as follows:

	2018	2017
Attributable to the Group:		
Profit from continuing operations	$ 118	-
Other comprehensive income	-	-
Comprehensive income	$ 118	-

The Group does not have any contingent liabilities arising from associate with other investor or for individual responsibility.

There is no significant restrictions to transfer financial resource from associate to the Group.

As of December 31, 2018, the Group did not provide any investments accounted for using the equity method as collateral for its loans.

(Continued)

(i) Changes in a parent's ownership interest in a subsidiary

(i) Changes in subsidiaries' equity did not result in the Company's loss of control

Digit Marketing Co., Limited (hereinafter referred to Digit Marketing) approved a resolution to issue 400 thousand common stocks by cash, and retained part of its shares for the employees in September 2018, which reduced the Company's direct holding from 55% to 53.27%. Addcn Technology (HK) Co., Limited approved a resolution to issue 2,786 thousand common stocks by cash, and retained part of its shares for Group's employees in September 2018, which reduced the Company's indirect holding from 100% to 70%.

The effect of change in equity of subsidiary ownership attributable to parent equity is stated as follow:

	2018	
	Digit Marketing Co., Limited	Addcn Technology (HK) Co., Limited
Capital equity-changes in ownership interest	$ 374	4,746
Other equity -exchange differences on translation of foreign financial statements	-	620
Retained earnings reduction	$ 374	5,366

(j) Loss control of subsidiaries

The Company gave up acquiring subsidiary's cash capital increase, Digit Marketing Co., Ltd in October 22, 2018. The Company's direct holding decreased from 53.27% to 33.29% and the number of directors is not over half, so it lost control over Digit Marketing. Due to loss of control, the transaction should be considered disposing 53.27% share of Digit Marketing. The fair value of the disposal was $25,066, and the Group recorded the total gain of $1,681 under gain on disposal of investments in consolidated statements of comprehensive income.

On October 22, 2018, the carrying amount of assets and liabilities of Digit Marketing on the date of disposal were as follow:

Cash and cash equivalents	$ 25,955
Accounts receivable and other receivable	47,125
Other current assets	1,426
Property, plant and equipment	2,149
Intangible assets	278
Other non-current assets	58
Accounts payable and other payable	(25,440)
Other current liabilities	(7,410)
Carrying amount of net assets	$ 44,141

(Continued)

(k) Property, plant and equipment

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

	Land	Buildings and structures	Office Equipment	Leasehold Improvements	Total
Cost or deemed cost:					
Balance at January 1, 2018	$ 155,980	632,435	75,103	9,830	873,348
Additions	-	106	16,069	1,508	17,683
Reclassification to Investment property	(24,324)	(13,454)	-	-	(37,778)
Disposals	-	-	(2,272)	(2,011)	(4,283)
Effect of movement in exchange rates	-	(11,209)	(324)	-	(11,533)
Balance at December 31, 2018	$ 131,656	607,878	88,576	9,327	837,437
Balance at January 1, 2017	$ 120,939	618,942	70,723	9,418	820,022
Additions	-	-	6,958	412	7,370
Reclassification from Investment property	35,041	19,155	-	-	54,196
Disposals	-	-	(2,478)	-	(2,478)
Effect of movement in exchange rates	-	(5,662)	(100)	-	(5,762)
Balance at December 31, 2017	$ 155,980	632,435	75,103	9,830	873,348
Depreciation and impairments losses:					
Balance at January 1, 2018	$ -	26,970	56,909	9,555	93,434
Depreciation	-	17,161	9,721	442	27,324
Reclassification to Investment property	-	(1,889)	-	-	(1,889)
Disposals	-	-	(1,418)	(670)	(2,088)
Effect of movement in exchange rates	-	(466)	(175)	-	(641)
Balance at December 31, 2018	$ -	41,776	65,037	9,327	116,140
Balance at January 1, 2017	$ -	7,704	50,329	9,250	67,283
Depreciation	-	16,855	8,948	305	26,108
Reclassification from Investment property	-	2,255	-	-	2,255
Disposals	-	-	(2,351)	-	(2,351)
Effect of movement in exchange rates	-	156	(17)	-	139
Balance at December 31, 2017	$ -	26,970	56,909	9,555	93,434
Carrying amount:					
Balance at December 31, 2018	$ 131,656	566,102	23,539	-	721,297
Balance at December 31, 2017	$ 155,980	605,465	18,194	275	779,914
Balance at January 1, 2017	$ 120,939	611,238	20,394	168	752,739

As of December 31, 2018 and 2017, the Group did not provide any property, plant and equipment as collateral for its loan.

Disposals in 2018 included derecognition of property, plants and equipment which caused by the loss of control over Digit Marketing. The carrying amount of those asset was $2,149. For related information, please refer to note 6(j).

(Continued)

(l) Investment property

	Land	Buildings and structures	Total
Cost or deemed cost:			
Balance at January 1, 2018	$ 11,421	7,537	18,958
Additions	46,948	19,515	66,463
Reclassification from property, plant and equipment	24,324	13,454	37,778
Balance at December 31, 2018	**$ 82,693**	**40,506**	**123,199**
Balance at January 1, 2017	$ 46,462	26,692	73,154
Reclassification to property, plant and equipment	(35,041)	(19,155)	(54,196)
Balance at December 31, 2017	**$ 11,421**	**7,537**	**18,958**
Depreciation and impairments losses:			
Balance at January 1, 2018	$ -	924	924
Depreciation	-	1,199	1,199
Reclassification from property, plant and equipment	-	1,889	1,889
Balance at December 31, 2018	**$ -**	**4,012**	**4,012**
Balance at January 1, 2017	$ -	2,265	2,265
Depreciation	-	914	914
Reclassification to property, plant and equipment	-	(2,255)	(2,255)
Balance at December 31, 2017	**$ -**	**924**	**924**
Carrying amount:			
Balance at December 31, 2018	**$ 82,693**	**36,494**	**119,187**
Balance at December 31, 2017	**$ 11,421**	**6,613**	**18,034**
Balance at January 1, 2017	**$ 46,462**	**24,427**	**70,889**
Fair value:			
Balance at December 31, 2018			**$ 117,195**
Balance at December 31, 2017			**$ 14,115**

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains a 2-year non-cancellable period. Subsequent renewals are negotiated with the lessee and no contingent rents are charged. For further information (including rental income and related operating expenses) please refer to note 6(q).

Due to loss of control over Digit Marketing, the Group reclassified the office to investment property which was leased to Digit Marketing.

The fair value was based on the latest transaction data announced on Department of Land Administration Ministry of the Interior.

As of December 31, 2018 and 2017, the investment property of the Group hadn't been pledged as collateral for long-term borrowings.

(Continued)

Addcn Technology Co., Ltd. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2018 and 2017, were as follows:

	Goodwill	Brand/Trade marks	Client relationship/ Database/518 computer system	Others	Total
Cost:					
Balance at January 1, 2018	$ 58,000	27,818	59,208	6,539	151,565
Additions	-	-	-	1,942	1,942
Disposals	-	-	-	(516)	(516)
Effect of movement in exchange rates	-	-	-	(44)	(44)
Balance at December 31, 2018	$ 58,000	27,818	59,208	7,921	152,947
Balance at January 1, 2017	$ 58,000	27,818	59,208	4,392	149,418
Additions	-	-	-	2,159	2,159
Effect of movement in exchange rates	-	-	-	(12)	(12)
Balance at December 31, 2017	$ 58,000	27,818	59,208	6,539	151,565
Accumulated amortization and impairment losses					
Balance at January 1, 2018	$ -	9,729	19,243	3,442	32,414
Amortization	-	2,680	5,920	858	9,458
Disposals	-	-	-	(238)	(238)
Effect of movement in exchange rates	-	-	-	(13)	(13)
Balance at December 31, 2018	$ -	12,409	25,163	4,049	41,621
Balance at January 1, 2017	$ -	7,049	13,322	2,908	23,279
Amortization	-	2,680	5,921	535	9,136
Effect of movement in exchange rates	-	-	-	(1)	(1)
Balance at December 31, 2017	$ -	9,729	19,243	3,442	32,414
Carrying value:					
Balance at December 31, 2018	$ 58,000	15,409	34,045	3,872	111,326
Balance at December 31, 2017	$ 58,000	18,089	39,965	3,097	119,151
Balance at January 1, 2017	$ 58,000	20,769	45,886	1,484	126,139

Goodwill arose from the acquisition of 518 Technology Co., Ltd.. The Group tested for impairment for the years ended 2018 and 2017, and there was no evidence that goodwill was impaired.

The amortization of intangible assets is included in the statement of comprehensive income:

	2018	2017
Operating expenses	$ 9,458	9,136

As of December 31, 2018 and 2017, the intangible assets of the Group hadn't been pledged as collateral for long-term borrowing.

(Continued)

Disposals of intangible assets in 2018 were caused by the loss of control over Digit Marketing. The carrying amount of those assets was $278. For related information, please refer to note 6(j).

(n) Other financial assets

Other financial assets of the Group were as follows:

	December 31, 2018	December 31, 2017
Other current financial assets	$ 109,136	220,613
Other receivables	9,408	2,901
Current restricted assets	429,336	544,098
	$ 547,880	767,612

(i) Other current financial asset

Other financial assets mainly consist of time deposits whose term is less than one year.

(ii) Other receivable

Other receivables mainly consist of receivables of common stock issuance from Addcn Technology (HK) Co., Ltd., the fee received from convenience stores, receipts under custody by bank but not transferred into the Company, and interest receivables.

(iii) Current restricted assets

Current restricted assets mainly consist of time deposits pledged as collateral and receipts under custody from transaction between members on 8591 Virtual Treasure Trade. Please refer to note 8 for the information of pledged assets.

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

Other current assets and other non-current assets were as follows:

	December 31, 2018	December 31, 2017
Current prepaid expense	$ 12,085	5,151
Current temporary payments	9,070	20,978
Others	150	1,971
Subtotal	21,305	18,773
Guarantee deposits paid	956	1,191
Subtotal	956	728
Total	$ 22,261	19,501

(i) Current prepaid expense

Current prepaid expense mainly consist of system outsourcing usage fee, domain service fee, rent and insurance.

(ii) Current temporary payments

Temporary payments consist of payment from online payment and advanced to member from others on 8591 Virtual Treasure Trade.

(iii) Others

Others consist of payment on behalf of others from convenience stores and telecom operators and input tax .

(p) Other payables and Receipts under custody

Other payables and Receipts under custody were as follows:

	December 31, 2018	December 31, 2017
Current tax liabilities	$ 76,409	72,948
Employee compensation payable	54,885	55,668
Compensation due to directors and supervisors	7,323	7,440
Payment for annual leave	3,302	3,319
Wages and salaries payable	112,315	174,461
Accrued expenses payable	41,616	33,783
Subtotal	295,850	347,619
Receipts under custody	427,355	399,476
Total	**$ 723,205**	**747,095**

Receipts under custody are collection on behalf of others which are not retrieved from member transaction on 8591 Virtual Treasure Trade. The collection is deposited in individual trust account of E. Sun Bank and other bank accounts.

(q) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2018	December 31, 2017
Less than one year	$ 7,492	7,659
Between one and five years	4,602	1,540
	$ 12,094	**9,199**

The Group leases office building and broadband network under operating leases. The leases typically run for a period of 1 to 5 years, with an option to renew the lease after that date. Lease payments are increased every five years to reflect rental at fair value. Some leases provide for additional rent payments that are based on changes in a local price index.

(ii) Leases as lessor

The Group leases out its investment properties (see Note 6(l)). The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2018	December 31, 2017
Less than one year	$ 1,634	696
Between one and five years	800	-
	$ 2,434	696

Rental income from investment property was $1,132 and $1,705 for 2018 and 2017, respectively.

(r) Employee benefits

The Company allocates 6% of each employee' s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The pension benefit obligation of Addcn Technology (Shenzhen) Co., Ltd. is defined contribution plan. Addcn (Shenzhen) contributes and deposits insurance money to employee' s endowment insurance account, which is totally separated from the company. The account transfers as long as the employee leaves, and the money contributed should be recognized as current expense. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs amounted to $15,911 and $13,534 for the years ended December 31, 2018 and 2017, respectively.

(s) Income tax

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable in 2018.

(i) Income tax expense

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

	2018	2017
Current tax expense		
Current period	148,336	135,071
Adjustment for prior periods	(112)	(123)
	148,224	134,948
Deferred tax expense		
Origination and reversal of temporary differences	3,703	2,070
Adjustment in tax rate	(4,078)	-
	(375)	2,070
Tax expense	147,849	137,018

(Continued)

	2018	2017
Income tax expense from continuing operations	147,849	108,520
Income tax from discontinued operation (excluding gain on sale)	-	(1,558)
Income tax on gain on sale of discontinued operation	-	30,056
	147,849	**137,018**

Reconciliation of income tax and profit before tax were as follows:

	2018	2017
Profit excluding income tax	$ 753,653	776,733
Income tax using the company's domestic tax rate	150,731	132,044
10% surtax on undistributed retained earnings	-	456
Adjustment in tax rate	(4,078)	-
Others	1,196	4,518
	$ 147,849	**137,018**

(ii) Recognized deferred tax assets and liabilities

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

	Unrealized loss on valuation of inventories	Loss on investment	Others	Total
Deferred tax assets:				
Balance at January 1, 2018	$ 1,547	20,522	2,018	24,087
Recognized in profit or loss	(867)	(228)	1,296	201
Effect of movement in exchange rates	-	-	(17)	(17)
Balance at December 31, 2018	**$ 680**	**20,294**	**3,297**	**24,271**
Balance at January 1, 2017	$ 1,547	24,108	857	26,512
Recognized in profit or loss	-	(3,586)	1,169	(2,417)
Effect of movement in exchange rates	-	-	(8)	(8)
Balance at December 31, 2017	**$ 1,547**	**20,522**	**2,018**	**24,087**

	Others	Total
Deferred tax liabilities:		
Balance at January 1, 2018	$ (187)	(187)
Recognized in profit or loss	174	174
Balance at December 31, 2018	**$ (13)**	**(13)**
Balance at January 1, 2017	$ (534)	(534)
Recognized in profit or loss	347	347
Balance at December 31, 2017	**$ (187)**	**(187)**

(Continued)

(iii) Assessment of tax

The Company's tax returns for the years through 2016 were assessed by the tax authority. The tax returns for Addcn Technology (SHENZHEN) Co., Ltd. was declared to local tax authority for the years through 2017.

(t) Capital and other equity

As of December 31, 2018 and 2017, the total value of authorized ordinary shares both amounted to $500,000 with par value of $10 per share, and the contributed capital amounted to $425,790 and $425,805, respectively.

Reconciliation of shares outstanding for 2018 and 2017 was as follows:

(in thousand shares)

	Ordinary share	
	2018	2017
Balance on January 1	42,581	42,583
Retirement of restricted stock awards	(2)	(2)
Balance on December 31	$ 42,579	42,581

(i) Ordinary share

As of 2018 and 2017, the Company had cancelled both 2 thousand shares since the employees did not achieve the vesting conditions of restricted stock awards.

(ii) Capital surplus

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

	December 31, 2018	December 31, 2017
Share premium	$ 410,247	533,829
Restricted stock awards	8,658	32,756
Employee share options	2,269	-
Changes in equity of associated and joint ventures accounted for using equity method	641	-
	$ 421,815	566,585

At the general meeting of shareholders held on June 14, 2018, and June 1, 2017, the Company approved a resolution to distribute $149,032 and $191,623 from capital surplus of share premium as cash dividend of $3.5 and $4.5 per share, respectively.

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

(Continued)

(iii) Retained earnings

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

1) Legal reserve

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

2) Special reserve

At the general meeting of shareholders held on June 14, 2018 and June 1, 2017, the Company approved a resolution to reclassified undistributed earnings to special earnings reserve with amounts of $63,253 and $45,422, respectively. As of December 31, 2018 and 2017, the balance of special earnings reserve were $121,582 and $58,329.

3) Earnings Distribution

Earnings distribution for 2017 and 2016 was decided by the resolution adopted, at the general meeting of shareholders held on June 14, 2018 and June 1, 2017, respectively. The relevant dividend distributions to shareholders were as follow:

	2017		2016	
	Amount per Share	Total amount	Amount per Share	Total amount
Dividends distributed to common shareholders:				
Cash	$ 12.00	510,966	10.50	447,122

On March 14, 2019, the Company's Board of Directors resolved to appropriate the 2018 earnings. The cash dividend distributed to shareholders is $10.6 dollar per share from earnings, and $1.9 dollar per share from capital surplus of share premium.

(iv) OCI accumulated in reserve, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through over comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Unearned compensation	Amount
Balance at January 1, 2018	$ (69,437)	-	(52,143)	(15,487)	(137,067)
Effects of retrospective application	-	(49,695)	52,143	-	2,448
Balance at January 1, 2018 after adjustments	(69,437)	(49,695)	-	(15,487)	(134,619)
Exchange differences of net asset in foreign operations	(11,497)	-	-	-	(11,497)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(69,648)	-	-	(69,648)
Share-based payment	-	-	-	12,910	12,910
Retirement of restricted stock awards	-	-	-	299	299
Balance at December 31, 2018	$ (80,934)	(119,343)	-	(2,278)	(202,555)
Balance at January 1, 2017	$ (58,567)	-	240	(51,642)	(109,969)
Exchange differences of net asset in foreign operations	(10,870)	-	-	-	(10,870)
Unrealized gains (losses) on available-for-sale financial assets	-	-	(52,383)	-	(52,383)
Share-based payment	-	-	-	35,657	35,657
Retirement of restricted stock awards	-	-	-	498	498
Balance at December 31, 2017	$ (69,437)	-	(52,143)	(15,487)	(137,067)

(u) Share-based payment

The Board of Directors' meeting on June 16, 2016, the Company decided to award 737 thousand new shares of restricted stock to those full-time employees whose performance assessment was excellent. The restricted stock which has been registered and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. would be issued in different times. On September 19, 2016, the Board of Directors issued 320 thousand shares of the restricted stock. The record date for the capital increase through issuance of restricted shares was October 14, 2016.

Those employees with the restricted stock awards are entitled to obtain complimentary shares with the condition that these employees achieve the performance and continue to provide service to the Company for at least 3 years (from the grant date). 40% of the restricted stock is vested in year 1 after the grant date, 40% of the restricted stock is vested in year 2 after the grant date, and the remaining 20% is vested in year 3 after the grant date.

If these employees who obtain the restricted stock awards violate Regulations Governing Issuance of Restricted Stock Awards in 2016, employment contract, confidential contract, trust contract, Ethical Corporate Management Best Practice Principles, Codes of Ethical Conduct, the Rules of Information Security, Work Rules, and so on, the Company will repurchase all the unvested shares without charge, and cancel the shares thereafter.

(Continued)

These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to third parties during the custody period, except for inheritance. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. The rights of shares are the same as issued ordinary share, except for the above restrictions.

As of December 31, 2018 and 2017, the balances of unearned compensation were $2,278 and $15,487 and the expenses sprang from the restricted stock awards were $14,546 and $35,657, respectively.

Digit Marketing Co., Ltd. and Addcn Technology (HK) Co., Ltd. conducted cash offering and retained part of its shares for the Group's employees in September. The expense from the share which the Company's employee subscribed was $2,269.

(v) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2018 and 2017, were based on the profit attributable to ordinary shareholders of the Company of $595,540 and $634,379 and the weighted average number of ordinary shares outstanding of 42,417 thousand and 42,290 thousand, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2018	2017
Continuing operations	$ 595,540	499,389
Discontinued operations	-	134,990
Profit attributable to ordinary shareholders of the Company	**$ 595,540**	**634,379**

2) Weighted average number of ordinary shares (thousand shares)

	2018	2017
Issued ordinary shares at 1 January	42,390	42,263
Vesting of restricted stock	27	27
Weighted average number of ordinary shares outstanding at December 31	**42,417**	**42,290**

(ii) Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2018 and 2017, were based on the profit attributable to ordinary shareholders of the Company of $595,540 and $634,379 and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 42,741 thousand and 42,662 thousand, calculated as follows:

(Continued)

1) Profit attributable to ordinary shareholders of the Company (diluted)

		2018	2017
Continuing operations	$	595,540	499,389
Discontinued operations		-	134,990
Profit attributable to ordinary shareholders of the Company(diluted)	$	**595,540**	**634,379**

2) Weighted average number of ordinary shares outstanding (diluted)(thousand shares)

	2018	2017
Weighted average number of ordinary shares outstanding (basic)	42,417	42,290
Effect of restricted employee share unvested	50	95
Estimated effect of employee stock bonuses	274	277
Weighted average number of ordinary shares outstanding at December 31 (diluted)	**42,741**	**42,662**

3) Earnings per share

		2018	2017
Basic earnings per share			
Continuing operations	$	14.04	11.81
Discontinued operations		-	3.19
	$	**14.04**	**15.00**
Diluted earnings per share			
Continuing operations	$	13.93	11.71
Discontinued operations		-	3.16
	$	**13.93**	**14.87**

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

		2018
Primary geographical markets:		
Taiwan	$	1,430,087
Other		48,657
	$	**1,478,744**
Major products/services lines:		
Internet service revenue	$	1,056,875
Online advertising solicitation		12,114
Commission		345,150
Product sales		64,605
	$	**1,478,744**

(Continued)

For details for revenue for 2017, please refer to note 6(x).

For the year ended December 31, 2018, revenue from e-commerce was $1,363,006, which was 92% of total revenue.

(ii) Contract balances

	December 31, 2018	January 1, 2018
Accounts receivable	$ 132,183	163,313
Less: allowance for impairment	(11,804)	(626)
	$ 120,379	162,687

	December 31, 2018	January 1, 2018
Contract liability-internet service	$ 199,303	188,094
Contract liability-online advertising solicitation	50	1,054
	$ 199,353	189,148

For details on account receivable and allowance for impairment, please refer to note 6(f).

(x) Revenue

The details of revenue for the year ended December 31, 2017 was as follows:

	2017		
	Continuing operation	Discontinued operation	Total
Online product sales	$ 38,228	105,072	143,300
Internet service revenue	924,516	-	924,516
Commission	337,011	-	337,011
Others	71,438	-	71,438
	$ 1,371,193	105,072	1,476,265

For details on revenue for 2018, please refer to note 6(w).

For the year ended December 31, 2017, revenue from e-commerce was $1,299,755, which was 95% of total revenue.

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

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

(Continued)

For the years ended December 31, 2018 and 2017, the Company estimated its employee remuneration and directors' and supervisors' remuneration amounting as following:

	2018	2017
Employee compensation	54,860	53,902
Directors' and supervisors' remuneration	7,323	7,440
	62,183	61,342

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2018 and 2017.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2018 and 2017. Related information would be available at the Market Observation Post System website.

(z) Non-operating income and expenses

Other income

The details of other income were as follows:

	2018	2017
Processing fee income	$ 9,583	9,949
Others	8,179	2,678
	$ 17,762	12,627

(aa) Reclassification adjustments of components of other comprehensive income

The details of reclassification adjustments of components of other comprehensive income were as follows:

	2018	2017
Available-for-sale financial assets:		
Net change in fair value	$ -	(52,383)
Net change in fair value reclassified to profit or loss	-	-
Debt instruments at fair value through other comprehensive income		
Net change in fair value	(2,679)	-
Net change in fair value reclassified to profit or loss	(240)	-
Net change in fair value recognized in other comprehensive income	$ (2,919)	(52,383)

(ab) Financial instrument

(i) Categories of financial instruments

1) Financial assets

	December 31, 2018	December 31, 2017
Financial assets at fair value through profit or loss:		
Financial asset designated as at fair value through profit or loss	$ 22,340	-
Financial assets at fair value through other comprehensive income	266,002	-
Available-for-sale financial assets (including financial assets measured at cost $57,128)	-	276,122
Amortized cost financial assets (loans and receivables):		
Cash and cash equivalents	680,165	628,363
Note and trade receivable	120,379	162,687
Account receivable due from related parties	20,781	-
Other financial asset	547,880	767,612
Total	**$ 1,657,547**	**1,834,784**

2) Financial liabilities

	December 31, 2018	December 31, 2017
Financial liabilities measured at amortized cost:		
Note and trade payable	3,713	5,850
Other payable	295,850	347,619
Other payable to related parties	6,962	-
Receipts under custody	427,355	399,476
Total	**$ 733,880**	**752,945**

(ii) Credit risk

1) Credit risk exposure

As of December 31, 2018 and 2017, the Group's maximum amount exposed to credit risk were $1,657,647 and $1,834,784, respectively.

(Continued)

2) Concentration of credit risk

As the Group has a large customer base and does not have a significant concentration of transactions with a single customer, the credit risk of accounts has no significant concentration.

(iii) Liquidity risk

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

		Contractual cash flows	Within 6 months
December 31, 2018			
Non-derivative financial liabilities			
Note and trade payable	$	3,713	3,713
Other payable		295,850	294,817
Other payable to related parties		6,962	6,961
Receipts under custody		427,355	427,355
	$	733,880	732,846
December 31, 2017			
Non-derivative financial liabilities			
Note and trade payable	$	5,850	5,850
Other payable		347,619	347,619
Receipts under custody		399,476	399,476
	$	752,945	752,945

(iv) Currency risk

1) Exposure to foreign currency risk

The Group did not face significant exposure to foreign currency risk on financial assets and liabilities.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

(vi) Information of fair value

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income (available for sale financial assets)is measured on a recurring basis. The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2018				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets designated as at fair value through profit or loss	$ 22,340	-	22,340	-	22,340
Financial assets at fair value through other comprehensive income					
Stocks in domestic listed company	58,197	-	58,197	-	58,197
Stock in unlisted company	137,454	-	-	137,454	137,454
Funds	14,158	14,158	-	-	14,158
Bonds	56,193	56,193	-	-	56,193
Total	$ 288,342	70,351	80,537	137,454	288,342

	December 31, 2017				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Stocks in domestic listed company	$ 135,731	-	135,731	-	135,731
Funds	16,477	16,477	-	-	16,477
Bonds	66,786	66,786	-	-	66,786
Financial assets measured at cost	57,128	-	-	-	-
Total	$ 276,122	83,263	135,731	-	218,994

(Continued)

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

In addition, fair value of private placement listed equity instrument is measured by the market value of investee, and the value of put option is measured as no-active-market liquidity discount to adjust the effect that the equity security lacks of market liquidity. The main assumption is that when investors hold restricted equity securities, they can buy put option which the strike price is equivalent of market value of restricted equity securities, to ensure that investors can still sell their restricted equity securities at current market price after the termination of restricted trading period. Therefore, the value of put option, which is measured by Black-Scholes model, stands for the cost that investors are willing to pay in order to ensure the liquidity of equity security market.

The Group uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

Financial assets at FVOCI- non-current are investments in non-listed stock. The fair value is based on the market approach of comparable business. For non-listed stock, the price is based on the estimated earnings before interest, taxes, depreciation, and amortization of investee and the quoted price in an active market of comparable companies. The estimated fair value is adjusted for the lack of liquidity.

3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income (Available-for-sale financial assets)
	Unquoted equity instruments
Opening balance, January 1, 2018	$ 59,576
Total gains and losses recognized	
In profit or loss	-
In other comprehensive income	10,805
Purchased	67,073
Ending Balance, December 31, 2018	$ 137,454
Opening balance, January 1, 2017	-
Total gains and losses recognized	
In profit or loss	-
In other comprehensive income	-
Ending Balance, December 31, 2017	-

(Continued)

For the years ended December 31, 2018 and 2017, total gains and losses that were included in "other gains and losses", "unrealized gains and losses from available-for-sale financial assets" and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	2018	2017
Total gains and losses recognized		
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	13,253	-

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

The Group' s financial instruments that use Level 3 inputs to measure fair value in "financial assets measured at fair value through other comprehensive income – equity security investments".

Most of fair value that use Level 3 have single significant unobservable inputs, only measurements of fair value of equity instruments without an active market had several significant unobservable inputs. Due to independence of significant unobservable inputs in equity instruments without an active market, there were no exist correlation between each other.

Quantified information of significant unobservable inputs was as follows :

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income (Available for sale financial assets) equity investments without an active market	Comparable company analysis	· P/B ratio (2.23~14.02 on December 31, 2018) · P/E ratio (15.36~19.82 on December 31, 2018) · Lack-of-Marketability Discount (9.54%~48.04% on December 31, 2018)	The estimated fair value would increase (decrease) if: · the P/B ratio were higher (lower); · the P/E ratio were higher (lower); or · Lack-of-marketability discount were lower (higher).

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income (Available for sale financial assets) stock investigation	Net asset valuation method	· Net asset valuation	Not applicable

(ac) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Framework of risk management

The Board of Directors has responsibility for the establishment and oversight of the risk management framework. Internal Audit is responsible for identifying and analyzing the risk faced by the Group. The heads of departments set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Supervisor oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Supervisor is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Supervisor.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' s receivables from customers and investments in debt securities.

1) Trade and other receivable

The exposure to credit risk is affected by each individual client. The management considers the basic statistics data of client, including the default risk of client's industry and country which probably affect credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group' s standard payment, and delivery terms and conditions are offered. The Group' s review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed quarterly. Customers that fail to meet the Group' s benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivable, other receivable, and investment. The components of this impairment allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Collective loss component established for groups is based on similar historical payment data of financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(iv) Liquidity risk

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

(v) Market risk

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

(Continued)

1) Currency risk

The Group is exposed to currency risk on sales, and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), Hong Kong Dollar (HKD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, US Dollar (USD), HKD, and CNY.

(ad) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests. The Board of Directors monitors return on capital and also controls the level of dividend. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 968,341	975,734
Less: cash and cash equivalents	680,165	628,363
Net debt	$ 288,176	347,371
Total equity	$ 1,723,089	1,844,022
Debt-to-equity ratio at December 31	16.72 %	18.84 %

As of December 31, 2018, the Group's capital management strategy was not changed. The debt-to-equity ratio was decreased on December 31, 2018, due to cash inflow generated from operating which increases the balance of cash and cash equivalents and reduces net debt.

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Digit Marketing Co., Ltd.	The Group's associate

(b) Significant transactions with related parties

(i) The Company lost control over Digit Marketing Co., Ltd on October 22, 2018. Therefore, transaction with Digit Marketing from October 22, 2018 to December 31, 2018 was not eliminated in the consolidated financial statements, and should be listed in disclosures.

(ii) The amounts of services provided by the Group to related parties and account receivable due to related parties were as follows:

	Sales amount		Account receivable	
	2018	2017	December 31, 2018	December 31, 2017
Associate	$ 4,949	-	20,781	-

The Company signed exclusive advertising selling and collaboration agreement with Digit Marketing on October 15, 2018. The Company agreed that Digit Marketing could sell the advertising banner on the Company's platform. The agreement is valid from signing day to December 31, 2021, but both parties can extend or shorten the agreement period by their needs. Term for receivable collection is 180 days. Related parties do not receive collateral for receivables, and there is no need to recognize impairment loss after assessment.

(iii) Leases

The Company leased Taipei office and Kaohsiung office to associate at March 2018 and August 2018, respectively. Total value of agreement is $2,160 (with tax) and $35 (with tax), which is referred to three-year and one-year agreement of nearby office rent, respectively. Rent revenue is $120 from October 2018 to December 2018. There is no unpaid balance on December 31, 2018.

(iv) Other transaction with related parties

Account	Relationship	December 31, 2018	December 31, 2017
Other income	Associate	$ 4,151	-
Commission expense	Associate	10,848	-
Rent income	Associate	120	-
Other payable	Associate	6,962	-
		$ 22,081	-

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2018	2017
Short-term employee benefits	51,086	49,670
Share-based payments	39,280	36,561
	90,366	86,231

Please refer to note 6(u) for further explanation related to shared-based payments.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2018	December 31, 2017
Time deposits(interest rate 1.02%~1.065% annually)	License of employment service agency	$ 3,000	3,000

(9) Significant Commitments and Contingencies:

(a) The Company had been investigated by prosecution authority on December 28, 2013, and New Taipei District Prosecutor Office had already indicted Liao Shih-Fang, Wu Tsung-Hsien and Wang Cheng-Yu, who were the Company's chairman, president and ex-director respectively. Origin of the case, facts of indictment, Company's strategy and influence on Company's operation are stated as below:

(i) Origin of the Case and Facts of Indictment

8591 Virtual Treasure Trade, which is operating under the Company, had been investigated by prosecution authority on December 28, 2013, due to people's report of the violation of Act Governing Issuance of Electronic Stored Value Cards, and the Company's chairman, president and ex-director had been indicted for violating latter part of paragraph 1 of Article 30 of Act Governing Issuance of Electronic Stored Value Cards. The Company issued electronic stored value cards totaling 18.6 billion NT dollars without authority's permit from January 26, 2009 to February 28, 2013.

(ii) Company's Strategy

The Company had engaged attorney to verify the elements of crime of relative articles of the law and found that the business model of the Company did not violate the law. 8591 Virtual Treasure Trade, which referred to operating model of similar foreign platform to design relative payment transaction, is mainly to maintain internet trading safety and to prevent from internet fraud. No consumer suffered from property loss from opening day to date. Therefore, the Company's engaged attorney believed that it is highly probable that the lawsuit would be found of no guilty.

The Company agreed to and signed "Collection and Payment Transfer of Internet Trading — Deposit and Payment Account Service Agreement" on January 9, 2014, based on the stored value and payment mechanism of 8591 Virtual Treasure Trade. Members' stored payment was kept by E.Sun Bank. Meanwhile, to promote the business and development of trading platform, the Company agreed to and signed ' Collection and Payment Transfer of Trust Money Agreement' regarding business of collection and payment transfer, which was according to authorization requirements of paragraph 2 of Article 3 of the Act Governing Electronic Payment Institutions, and complied with enforcement decree of the authorization. Payment of member transaction was kept by the bank trust, and the Company would keep focusing on maintenance of websites and serving safe and convenient virtual treasure trade platform.

(Continued)

(iii) Influence on Company's Operation

New Taipei District Court made the first instance judgment on February 22, 2017 that the Company' s chairman, president and ex-director were all not guilty. The prosecutor filed an appeal due to the disagreement of the original verdict. Taiwan High Court made the second instance judgment and dismissed the prosecutor's appeal on January 19, 2018. The prosecutor had not filed an appeal and the three defendants were found innocent; therefore, the lawsuit did not pose any adverse effect on the Company.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By funtion / By item	2018			2017		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	185,725	176,954	362,679	177,172	225,635	402,807
Labor and health insurance	6,229	7,077	13,306	4,491	6,572	11,063
Pension	12,211	3,700	15,911	9,771	3,763	13,534
Remuneration of directors	-	5,511	5,511	-	5,665	5,665
Others	4,548	6,146	10,694	4,323	5,780	10,103
Depreciation	14,714	13,809	28,523	13,238	13,784	27,022
Amortization	-	9,458	9,458	-	9,136	9,136

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicality factors.

(c) Discontinued operation

To focus on business of online platform, the Company' s Board of Directors approved to sell 101 Original Design T-shirt department (clothes sale department) to Guangxu Network Technology Co., Ltd. on March 14, 2017, and finished sales of business by agreement on June 14, 2017.

Profit and loss, and cash flows from discontinued operation are summarized as follows:

	2017
Results from operating activities:	
Sales revenue	105,072
Operating costs	(77,553)
Gross profit	27,519
Operating expenses	(36,456)
Operating loss	(8,937)
Non-operating income and expenses	-
Profit from discontinued operation before tax	(8,937)
Tax income	1,558
Profit from discontinued operation	(7,379)
Gain on sale of discontinued operation	172,425
Income tax on gain on sale of discontinued operation	(30,056)
Total profit from discontinued operation	**134,990**
Cash flows from discontinued operation:	
Net cash from operating activities	$ 11,375
Net cash from investing activities	-
Net cash inflow	$ **11,375**

Effects of disposal on the financial position of the Group:

	December 31, 2017
Cash and cash equivalents	$ 15,000
Other current assets	56
Property, plant and equipment	124
Other current liabilities	(8,255)
Net assets and liabilities	$ **6,925**
Consideration received, satisfied in cash	$ 179,350
Cash and cash equivalents disposed of	-
Net cash inflow	$ **179,350**

(Continued)

Addcn Technology Co., Ltd. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:None

(ii) Guarantees and endorsements for other parties:None

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Stock Jacker cleaning Inc.	None	Equity investments at FVOCI	343	13,123	11.42 %	13,123	12.56 %	
The Company	Stock Bridge Roots Capital	None	Equity investments at FVOCI	2,000	23,663	3.64 %	23,663	3.64 %	
The Company	Stock Cherri Tech Inc.	None	Equity investments at FVOCI	100	8,538	5.85 %	8,538	7.71 %	
The Company	Stock Newretail Co., Ltd.	None	Equity investments at FVOCI	9,572	58,197	8.11 %	58,197	8.11 %	
The Company	Fund UPAMC China High Yield Bond Fund	None	Debt investments at FVOCI	-	1,740	- %	1,740	- %	
The Company	Fund UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD	None	Debt investments at FVOCI	-	3,695	- %	3,695	- %	
The Company	Fund Amundi Funds II-Emerging Markets Bond U USD D ExD	None	Debt investments at FVOCI	-	8,723	- %	8,723	- %	
The Company	Bond Formosa Group Corporate Bond	None	Debt investments at FVOCI	-	18,334	- %	18,334	- %	
The Company	Bond Citigroup Global Market Inc. Corporate Bond	None	Debt investments at FVOCI	-	37,859	- %	37,859	- %	
Addcn Technology (Samoa)	Stock Bridge Root Fund, L.P.	None	Equity investments at FVOCI	-	92,130	1.72 %	92,130	8.74 %	

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

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments: None

(Continued)

Addcn Technology Co., Ltd. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Addcn Technology (SHENZHEN)	1	cost of service rendered	229,012	T/T payment	15.49%
0	The Company	Addcn Technology (SHENZHEN)	1	Account payable	68,786	T/T payment	2.56%
0	The Company	Digit Marking (Note 6)	1	Commission expense	48,969	T/T payment	3.31%
1	Addcn Technology (SHENZHEN)	Addcn Technology (HK)	3	Account receivable	10,424	T/T payment	0.39%
1	Addcn Technology (SHENZHEN)	Addcn Technology (HK)	3	Sales revenue	18,826	T/T payment	1.27%

Note 1: "0"represents the parent company. Subsidiaries are coded from Arabic numeral 1.

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

Note 3: Exchange rate for income statement was calculated in CNY: NTD=1:4.56 in 2018.
Exchange rate for balance sheet was calculated in CNY: NTD=1:4.67 in 2018.
Exchange rate for income statement was calculated in HKD: NTD=1:3.85 in 2018.
Exchange rate for balance sheet was calculated in HKD: NTD=1:3.92 in 2018.
Exchange rate for income statement was calculated in CNY: NTD=1:4.50 in 2017.
Exchange rate for balance sheet was calculated in CNY: NTD=1:4.57 in 2017.
Exchange rate for income statement was calculated in HKD: NTD=1:3.90 in 2017.
Exchange rate for balance sheet was calculated in HKD: NTD=1:3.81 in 2017.

Note 4: Business relationships and significant intercompany transactions only disclosed the information of the Company's cost and account payable. Revenues and account receivable of counterparty would not be disclosed again.

Note 5: Transactions within the Group were eliminated in the consolidated financial statements.

Note 6: The Company lost control over Digit Marketing Co., Ltd on October 22, 2018. Only the transaction with Digit Marketing between January 1, 2018 and October 21, 2018 were listed in disclosures

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2018			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Samoa	Samoa	Foreign holding company	950,236 (USD29,760 thousand)	883,164 (USD27,510 thousand)	29,760	100.00 %	745,653	100.00 %	12,846	12,846	Subsidiary (Note 1)
The Company	Digit Marking	Taiwan	Advertising	7,441	5,500	799	33.29 %	25,825	55.00 %	27,642	15,005	Associate (Note 2)
Addcn Technology (Samoa)	Addcn Technology (HK)	Hong Kong	Electronic information supply	204,005 (USD6,500 thousand)	204,005 (USD6,500 thousand)	6,500	70.00 %	43,720	100.00 %	(186)	1,951	Subsidiary (Note 1)

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

Note 2: The Company lost control over Digit Marketing Co., Ltd on October 22, 2018. The transaction with Digit Marketing between January 1, 2018 and October 21, 2018 were eliminated in the consolidated financial statements.

(Continued)

Addcn Technology Co., Ltd. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 3)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2018 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Note 2)	Book value	Highest Percentage of ownership	Accumu-lated remittance of earnings in current period
					Outflow	Inflow								
Addcn Technology (SHENZHEN)	System application management, maintenance and customer service	654,661 (USD20,200 thousand)	(1)	654,661 (USD20,200 thousand)	-	-	654,661 (USD20,200 thousand)	10,913	100.00%	100.00%	10,913	608,351	-	-

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

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
654,661 (USD20,200 thousand)	654,661 (USD20,200 thousand)	1,021,424

Note 1: Re-investment company in mainland China established through investments of a third district.

Note 2: Recognized according to the Accountant audit financial report of the company invested into.

Note 3: The amounts of accumulated outflow of investment from Taiwan were translated into New Taiwan dollars on the original outflow day.

Note 4: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

(iii) Significant transactions:

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

(Continued)

Addcn Technology Co., Ltd. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Group has two reportable segments as the following. The reportable segments are the Group' s strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. However, the Group sold the clothes sale department on June 14, 2017. So, from January 1 to December 31, 2018, the Group had only one reportable segment. The chief operating decision maker should review the internal management report at least once every quarter.

(a) Internet service department: online trade platform operation and service.

(b) Product sales department: sales of clothes.

(c) Other department: others.

The information about reportable segments and reconciliations was as following:

	2018			
	Internal service department	Other department	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 1,456,766	21,978	-	1,478,744
Intersegment revenues	247,624	48,969	(296,593)	-
Total revenue	$ 1,704,390	70,947	(296,593)	1,478,744
Reportable segment profit or loss	$ 701,786	20,009	6,465	728,260
Reportable segment assets	$ -	-	-	2,691,430
Reportable segment liabilities	$ -	-	-	967,307

	2017				
	Internal service department	Product sales department (discontinued)	Other department	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	1,346,654	105,072	24,539	(105,072)	1,371,193
Intersegment revenues	301,730	-	25,893	(327,623)	-
Total revenue	$ 1,648,384	105,072	50,432	(432,695)	1,371,193
Reportable segment profit or loss	$ 627,640	(8,937)	(3,499)	(12,977)	602,227
Reportable segment assets	$ -	-	-	-	2,819,756
Reportable segment liabilities	$ -	-	-	-	975,734

The amounts of deducting the intersegment revenue were $296,503 and $327,623, and deducting the discontinued operating revenue were $0 and $105,072 in 2018 and 2017, respectively.

(d) Geographic information

Geographical information		2018	2017
Revenue from external customers:			
Taiwan	$	1,430,087	1,328,542
Other countries		48,657	42,651
Total	$	**1,478,744**	**1,371,193**

Geographical information		December 31, 2018	December 31, 2017
Non-current assets:			
Taiwan	$	350,778	286,270
Chinese		490,662	512,869
Total	$	**841,440**	**799,139**

Non-current assets include property, plant and equipment, investment property, and other assets, not including financial instruments, investments accounted for using equity method, deferred tax assets, and intangible assets.

Stock Code:5287

Addcn Technology Co., Ltd.

Parent Company Only Financial Statements

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

Address: 10F, No.12, ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)
Telephone: +886-2-2999-5691

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8～15
(4) Summary of significant accounting policies	15～34
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	34～35
(6) Explanation of significant accounts	35～63
(7) Related-party transactions	63～65
(8) Pledged assets	65
(9) Significant Commitments and Contingencies	65～66
(10) Losses Due to Major Disasters	66
(11) Subsequent Events	66
(12) Other	66～67
(13) Other disclosures	
(a) Information on significant transactions	68
(b) Information on investees	69
(c) Information on investment in mainland China	69
(14) Segment information	69
List of major account titles	70~75

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Addcn Technology Co., Ltd.:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming in our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditor's report are listed below:

1. Impairment assessment of intangible assets

   Please refer to note 4(n) for the accounting policy of intangible assets, note 5(a) for information about assumptions and estimation uncertainties of impairment of intangible assets, and note 6(l) for change in intangible assets.

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Description of key audit matter:

The Company identified goodwill, customer relationship, job hunting member database, computer software, brands and trademarks through merger and acquisition. Those intangible assets varies with business cycle affected by the market; furthermore, there is a high uncertainty of estimation. Therefore, impairment of intangible assets is a key audit matter in our audit of the financial statements.

How the matter was addressed with our audit:

Our principal audit procedures included: evaluating the CGU with potential impairment that management identified and their external and internal indicators of impairment based on the understanding of the Company, assessing the accuracy of past predictions, examining the bookkeeping records and computation table the management used to measure the recoverable amounts of CGU, measuring the rationality of every assumption used in the preparation of forecasting the future cash flows and recoverable amounts, as well as evaluating whether impairment assessment is disclosed properly.

2. Revenue recognition

Please refer to note 4(p) for the accounting policy of revenue and note 6(v) and note 6(w) for composition of revenue.

Description of key audit matter:

Sales revenue of the Company is mainly generated from operating online platforms. Revenue recognition varies by different trading type and economic substance. Besides, there is large quantity of sales traded through online platforms, increasing misstatement risk of revenue recognition. Therefore, revenue recognition is a key audit matter in our audit of the financial statements.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding trading model of each online platform to assess whether each revenue recognition policy is complied with statements of auditing standards, applying computer auditing skills on testing implementation of control for online platform revenue records, and examining the amount between transaction on online platforms and book value of revenue.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including supervisors) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Sheng-Ho Yu and Mei-Ping Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2019

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Addcn Technology Co., Ltd.

Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 481,736	19	370,855	14
1170	Notes and accounts receivable, net (note 6(e))	115,853	4	135,998	5
1181	Accounts receivable due from related parties (note 7)	20,781	1	11,130	-
130X	Inventories(note 6(f))	9,716	-	14,495	1
1476	Other current financial assets (note 6(m), 7 and 8)	534,408	21	761,983	28
1479	Other current assets, others (note 6(n))	11,316	-	25,481	1
		1,173,810	45	1,319,942	49
	Non-current assets:				
1524	Non-current available-for-sale financial assets (note 6(c))	-	-	218,994	8
1518	Equity investment at fair value through other comprehensive income (note 6(b))	103,521	4	-	-
1521	Debt investment at fair value through other comprehensive income (note 6(b))	70,351	3	-	-
1543	Non-current financial assets measured at cost, net (note 6(d))	-	-	34,500	1
1550	Investments accounted for using equity method (note 6(g))	771,478	30	692,969	26
1600	Property, plant and equipment (note 6(j))	230,895	9	231,051	9
1760	Investment property, net (note 6(k))	119,187	4	53,923	2
1780	Intangible assets (note 6(l))	109,855	4	118,087	4
1840	Deferred tax assets (note 6(r))	23,495	1	23,294	1
1995	Other non-current assets, others (note 6(n))	696	-	1,045	-
		1,429,478	55	1,373,863	51
	Total assets	$ 2,603,288	100	2,693,805	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2151	Notes payable and accounts payable	$ 3,711	-	5,850	-
2180	Accounts payable to related parties (note 7)	68,786	3	68,690	2
2200	Other payables (note 6(o))	184,841	7	177,436	7
2220	Other payables to related parties (note 7)	6,962	1	-	-
2131	Advance sales receipts (note 6(v))	184,470	7	177,534	7
2335	Receipts under custody (note 6(o))	417,101	16	399,399	15
2399	Other current liabilities, others	3,249	-	3,315	-
		869,120	34	832,224	31
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(r))	13	-	187	-
2645	Guarantee deposits received	31,781	1	27,581	1
		31,794	1	27,768	1
	Total liabilities	900,914	35	859,992	32
	Equity attributable to owners of parent (note 6(s)(t)):				
3110	Ordinary share	425,790	16	425,805	16
3200	Capital surplus	421,815	16	566,585	21
3300	Retained earnings	1,057,324	41	978,490	36
3400	Other equity interest	(202,555)	(8)	(137,067)	(5)
	Total equity	1,702,374	65	1,833,813	68
	Total liabilities and equity	$ 2,603,288	100	2,693,805	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Addcn Technology Co., Ltd.

Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , except for earnings per share)

		2018		2017	
		Amount	%	Amount	%
4100	Operating revenues (note 6(v)(w) and 7)	$ 1,417,973	100	1,325,901	100
5000	Operating costs (note 6(f) and 7)	347,557	25	404,228	30
5900	**Gross profit (loss) from operations**	1,070,416	75	921,673	70
6000	**Operating expenses (note 6(e)(l)(q)(t)(x) and 7):**				
6100	Selling expenses	209,453	15	178,245	13
6200	Administrative expenses	121,645	9	112,246	8
6300	Research and development expenses	54,862	4	64,483	5
6450	Impairment loss determined in accordance with IFRS 9	11,191	1	-	-
	Total operating expenses	397,151	29	354,974	26
6900	**Net operating income**	673,265	46	566,699	44
	Non-operating income and expenses:				
7100	Interest income	4,694	-	5,477	-
7110	Rent income (note 6(p) and 7)	1,595	-	1,813	-
7130	Dividend income	400	-	-	-
7210	Gains on disposals of property, plant and equipment	23	-	-	-
7225	Gains on disposals of investments (note 6(b)(i))	1,921	-	-	-
7375	Share of profit of associates and joint ventures accounted for using equity method (note 6(g))	27,851	2	14,778	1
7190	Other income, others (note 6(y))	24,232	2	15,830	1
7590	Miscellaneous expenses	(304)	-	(859)	-
7630	Foreign exchange losses	(90)	-	(3,264)	-
	Total non-operating income and expenses	60,322	4	33,775	2
7900	**Profit from continuing operations before tax**	733,587	50	600,474	46
7951	Less: income tax expenses (note 6(r))	138,047	10	101,085	8
	Profit from continuing operations	595,540	40	499,389	38
	Profit (loss) from discontinued operation (note 12(b)):				
8101	Loss from discontinued operation, net of tax	-	-	(7,379)	(1)
8102	Gain on disposal of assets or disposal groups constituting discontinued operation, net of tax	-	-	142,369	11
	Total profit from discontinued operation	-	-	134,990	10
	Profit	595,540	40	634,379	48
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(69,159)	(5)	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	2,430	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
8360	**Items that may be reclassified subsequently to profit or loss (note 6(z))**				
8361	Exchange differences on translation	(11,497)	(1)	(10,870)	(1)
8362	Unrealized gains (losses) on available-for-sale financial assets	-	-	(52,383)	(4)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(2,919)	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(14,416)	(1)	(63,253)	(5)
8300	**Other comprehensive income, net**	(81,145)	(6)	(63,253)	(5)
	Total comprehensive income	$ 514,395	34	571,126	43
9750	**Basic earnings per share (NT dollars) (note 6(u))**				
	From continuing operation	$	14.04		11.81
	From discontinued operation		-		3.19
	Total basic earnings per share	$	14.04		15.00
9850	**Diluted earnings per share (NT dollars) (note 6(u))**				
	From continuing operation	$	13.93		11.71
	From discontinued operation		-		3.16
	Total diluted earnings per share	$	13.93		14.87

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Addcn Technology Co., Ltd.

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Unearned compensation	Total other equity interest	Total equity
Balance on January 1, 2017	$ 425,830	758,681	225,524	12,907	552,802	791,233	(58,567)	-	240	(51,642)	(109,969)	1,865,775
Profit for the year ended December 31, 2017	-	-	-	-	634,379	634,379	-	-	-	-	-	634,379
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	-	-	(10,870)	-	(52,383)	-	(63,253)	(63,253)
Comprehensive income for the year ended December 31, 2017	-	-	-	-	634,379	634,379	(10,870)	-	(52,383)	-	(63,253)	571,126
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	55,234	-	(55,234)	-	-	-	-	-	-	-
Special reserve	-	-	-	45,422	(45,422)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(447,122)	(447,122)	-	-	-	-	-	(447,122)
Other changes in capital surplus:												
Cash dividends from capital surplus	-	(191,623)	-	-	-	-	-	-	-	-	-	(191,623)
Retirement of restricted stock awards	(25)	(473)	-	-	-	-	-	-	-	498	498	-
Share-based payments transactions	-	-	-	-	-	-	-	-	-	35,657	35,657	35,657
Balance on December 31, 2017	425,805	566,585	280,758	58,329	639,403	978,490	(69,437)	-	(52,143)	(15,487)	(137,067)	1,833,813
Effects of retrospective application	-	-	-	-	-	-	-	(49,695)	52,143	-	2,448	2,448
Balance on January 1, 2018 after adjustment	425,805	566,585	280,758	58,329	639,403	978,490	(69,437)	(49,695)	-	(15,487)	(134,619)	1,836,261
Profit for the year ended December 31, 2018	-	-	-	-	595,540	595,540	-	-	-	-	-	595,540
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	-	(11,497)	(69,648)	-	-	(81,145)	(81,145)
Comprehensive income for the year ended December 31, 2018	-	-	-	-	595,540	595,540	(11,497)	(69,648)	-	-	(81,145)	514,395
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	63,438	-	(63,438)	-	-	-	-	-	-	-
Special reserve	-	-	-	63,253	(63,253)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(510,966)	(510,966)	-	-	-	-	-	(510,966)
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	641	-	-	-	-	-	-	-	-	-	641
Cash dividends from capital surplus	-	(149,032)	-	-	-	-	-	-	-	-	-	(149,032)
Changes in ownership interests in subsidiaries	-	-	-	-	(5,740)	(5,740)	-	-	-	-	-	(5,740)
Share-based payments	-	3,905	-	-	-	-	-	-	-	12,910	12,910	16,815
Retirement of restricted stock awards	(15)	(284)	-	-	-	-	-	-	-	299	299	-
Balance on December 31, 2018	$ 425,790	421,815	344,196	121,582	591,546	1,057,324	(80,934)	(119,343)	-	(2,278)	(202,555)	1,702,374

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Addcn Technology Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	$ 733,587	600,474
Profit from discontinued operation before tax	-	163,488
Profit before tax	733,587	763,962
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	14,288	13,214
Amortization expense	9,171	8,978
Expected credit loss / Provision for bad debt expense	11,191	-
Interest income	(4,694)	(5,477)
Dividend income	(400)	-
Share-based payments transcations	16,815	35,657
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(27,851)	(14,778)
Loss on disposal of property, plan and equipment	(23)	-
Gain on disposal of investments	(240)	-
Gain on disposal of investments accounted for using equity method	(1,681)	-
Unrealized foreign exchange loss (gain)	(56)	2,584
Gain on sale of discontinued operation	-	(172,425)
Gain from price recovery of inventory	(5,700)	-
Total adjustments to reconcile profit (loss)	10,820	(132,247)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(697)	(43,504)
Inventories	10,479	32,912
Decrease (increase) in prepayments	(5,679)	18,792
Other current assets	19,844	(6,266)
Other financial assets	1,322	(49,740)
Total changes in operating assets	25,269	(47,806)
Changes in operating liabilities:		
Notes and accounts payable	(2,139)	(4,005)
Accounts payable to related parties	96	13,944
Other payable	201	16,411
Other payable to related parties	6,962	-
Advance sales receipts	6,936	11,821
Other current liabilities	(66)	274
Receipts under custody	17,702	43,549
Total changes in operating liabilities	29,692	81,994
Total changes in operating assets and liabilities	54,961	34,188
Total adjustments	65,781	(98,059)

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Addcn Technology Co., Ltd.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash inflow generated from operations	799,368	665,903
Interest received	4,728	5,477
Dividends received	5,869	204
Income taxes paid	(131,218)	(120,191)
Net cash flows from (used in) operating activities	678,747	551,393
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	10,288	-
Acquisition of available-for-sale financial assets	-	(250,803)
Proceeds from disposal of available-for-sale financial assets	-	50,000
Acquisition of financial assets measured at cost	-	(5,000)
Acquisition of investments accounted for using equity method	(69,012)	(22,657)
Proceeds from disposal of discontinued operation	-	164,350
Acquisition of property, plant and equipment	(12,938)	(5,111)
Proceeds from disposal of property, plant and equipment	28	-
Decrease in refundable deposits	349	750
Acquisition of intangible assets	(939)	(1,861)
Acquisition of investment properties	(66,463)	-
Decrease (increase) in other financial assets	226,219	(34,440)
Dividends received	400	-
Net cash flows from (used in) investing activities	87,932	(104,772)
Cash flows from (used in) financing activities:		
Increase in guarantee deposits received	4,200	2,467
Cash dividends paid	(659,998)	(638,745)
Net cash flows from (used in) financing activities	(655,798)	(636,278)
Net increase (decrease) in cash and cash equivalents	110,881	(189,657)
Cash and cash equivalents at beginning of period	370,855	560,512
Cash and cash equivalents at end of period	**$ 481,736**	**370,855**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Addcn Technology Co., Ltd.

Notes to the Financial Statements

For the years ended December 31, 2018 and 2017

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

(1) Company history

Addcn Technology Co., Ltd. (the "Company") was incorporated in January 23, 2007 as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company was registered in 10F, No.12, Lane 609, Sec 5, Chungshin Rd., Sanchung Dist., New Taipei City. The major business activities of the Company are online trade platform operation and services. Since January 20, 2014, the Company's ordinary shares have been listed on the Taiwan Over-The-Counter Securities Exchange (Gre Tai Securities Market).

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

These financial statements were authorized for issuance by the Board of Directors on March 14, 2019.

(3) New standards, amendments and interpretations adopted:

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

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

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

(Continued)

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

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

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Company applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Company recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Company uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

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

1) Sales of goods

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

2) Rending of services

The Company provides digital advertising platforms and related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognized using the stage-of-completion method. Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Company sells the services in separate transactions.

3) Commission

For commissions earned by the Company, the Company has determined that it acts in the capacity of an agent for certain transactions. Under IFRS 15, the assessment will be based on the whether the Company controls the specific goods before transferring to the end customer, rather than whether it has exposure to significant risks and rewards associated with the sale of goods.

4) Impacts on financial statements

The cumulative effect upon the initially application of IFRS 15 is zero, and this change of accounting policy has no effect on its financial statement, that is, the information of financial statement which does not apply IFRS 15 is the same as this consolidated financial statement. Therefore, there is no need to disclose the financial statement without applying IRFS 15.

(ii) IFRS 9 "Financial Instruments"

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

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

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

1) Classification of financial assets and financial liabilities

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

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

2) Impairment of financial assets

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

3) Transition

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

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

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

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

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

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

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

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

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

	IAS39		IFRS9	
Financial Assets	**Measurement categories**	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Cash and equivalents	Loans and receivables	370,855	Amortized cost	370,855
Debt securities	Available-for-sale (note 1)	83,263	FVOCI	83,263
Equity securities	Available-for-sale (note 2)	135,731	FVOCI	135,731
	Available-for-sale (measured at cost) (note 2)	34,500	FVOCI	36,948
Trade and other receivables (including related parties)	Loans and receivables (note 3)	147,128	Amortized cost	147,128
Other financial assets	Loans and receivables (note 3)	761,983	Amortized cost	761,983

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

Note1: The corporate debt securities categorized as available-for-sale under IAS 39 are held by the Company's treasury unit in a separate portfolio to provide interest income; however, they may be sold to meet liquidity requirements arising in the normal course of business. The Company considers that these securities are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling securities. The corporate debt securities mature in one to two years and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at FVOCI under IFRS 9.

Note2: These equity securities (including financial assets measured at cost) represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI. Accordingly, an increase of $2,448 in those assets recognized, and an increase of $2,448 in the other equity.

Note3: Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 253,494	(253,494)	-		-	-
From available-for-sale to FVOCI	-	253,494	2,448		-	2,448
Total	$ 253,494	-	2,448	255,942	-	2,448

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

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

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

(Continued)

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

(i) IFRS 16"Leases"

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

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

1) Determining whether an arrangement contains a lease

The Company has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Company can choose to apply either of the following:

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

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

2) Transition

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

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

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

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company is assessing the potential impact of using these practical expedients:

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

3) So far, the most significant impact identified is that the Company will have to recognize the new assets and liabilities for the operating leases of its offices and company car. The Company estimated that the right-of-use assets and the lease liabilities to increase by $6,178 and $6,178 respectively. Also, the Company is not required to make any adjustments for leases where the Company is the intermediate lessor in a sub-lease.

(ii) IFRIC 23 Uncertainty over Income Tax Treatments

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

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

So far, the Company does not expect the above changes would have a material impact on the assets, liabilities, and equities on January 1, 2019.

The actual impact of adopting the standards may change depending on the economic conditions and events which may occur in the future.

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

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

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

The Company assessed that the above IFRSs may not be relevant to the Company.

(4) Summary of significant accounting policies:

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

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis, except fair value through other comprehensive income (available-for-sale financial assets) are measured at fair value.

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

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

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) Fair value through other comprehensive income (Available-for-sale) equity investment;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

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

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

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

(Continued)

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

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

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

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, and short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial Instruments

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

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

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

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

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

3) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company' s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ' principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

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

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

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

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

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

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

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

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ' investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 1 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 60 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

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

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ' credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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

6) Derecognition of financial assets

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

On derecognition of a debt instrument in its entirety, the Company recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

On derecognition of a part of debt instrument in which the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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

Financial assets are classified into the following categories: available-for-sale financial assets and loans and receivables.

1) Loans and receivables

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

Interest income is recognized under non-operating income and expense.

2) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and included in the non-operating income and expense. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

(Continued)

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

Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in the non-operating income and expense.

Recovery and loss on doubtful debts of account receivable are included in the operating expense; recovery and loss on doubtful debts of other financial assets are included in non-operating income and expense.

3) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

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

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

4) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on available-for-sale financial assets" in profit or loss is included in non-operating income and expense.

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

A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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

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

2) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value (including long-term and short-term borrowings, account payable, and other payable, etc.), plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income and expenses.

3) Derecognition of financial liabilities

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

(Continued)

4) Offsetting of financial assets and liabilities

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

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

(h) Discontinued operations

A discontinued operation is a segment of the Company which it has disposed of and is solely a main practice or operation district. An operation will be classified as a discontinued operation upon disposal.

(i) Investment in associates

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

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

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

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

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

(j) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the financial statements. Under equity method, the net income, other comprehensive income and equity in the financial statements are the same as those attributed to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries that do not result in the loss of control are recognized as equity transaction.

When the Company loses control of a subsidiary, it shall remeasure the investment retained in the former subsidiary at its fair value at the date when control is lost. The gain or loss arising from derecognition is the difference between: (1) the total amounts of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost; and (2) the total amounts of the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost. The Company shall account for all amounts previously recognized in other comprehensive income, in relation to that subsidiary, on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of raw materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use, and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(iii) Subsequent cost

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

(iv) Depreciation

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

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

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

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

1)	Buildings	50 years
2)	Office equipment	1-5 years
3)	Lease improvements	1-5 years

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

(m) Lease

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into an operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Leasee

Leases are operating leases and are not recognized in the Company's statement of financial position.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. The net profit provided by the lessor for incentive of rental purpose during the period of rental is recognized as a decrease of rental expense according to straight-line method.

Contingent rent is recognized as expense in the period in which it is incurred.

(n) Intangible assets

(i) Goodwill

1) Recognition

Goodwill arising from acquiring subsidiaries is recognized as intangible assets. The measurement of goodwill recognized as intangible assets is described in note 6(l).

2) Measurement

Goodwill is measured at cost, less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method, including goodwill that forms part of the carrying amount of such investment, is not allocated to any asset.

(ii) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

(iv) Amortization

The amortizable amount is the cost of an asset less its residual value. Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

1)	Trademarks and patents	6-10 years
2)	Computer software	3-10 years
3)	Customer relationships and databases	10 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(o) Impairment of non-financial assets

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

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are tested at least annually.

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination.

If the carrying amount of each of the CGUs exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

Reversal of an impairment loss for goodwill is prohibited.

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

(Continued)

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

(p) Revenue

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

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

1) Online advertising platform services

The Company provides advertising services to customers. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the actual advertising hours spent relative to the total expected advertising hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

2) Commission

The Company only acts as a platform provider when it provides online trading platform services. Commission is received by a fixed proportion of transaction price when the buyer and seller confirm that the transaction is finished.

3) Sale of goods – clothes and boutiques

The Company sells clothes and boutiques on the online platform by retail. The Company recognizes revenue when a customer takes possession of the product. Payment of the transaction price is due immediately when the customer purchases the product.

4) Financing components

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

(Continued)

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

1) Goods sold

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

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Transfer usually occurs when the goods is received at the place where customer designates.

2) Services

The Company provides online advertising platform services to its customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

3) Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company.

(iii) Contract costs (policy applicable from January 1, 2018)

1) Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

·the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

·the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

·the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

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

(r) Share-based payment

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

For share based payment awards with non-vesting conditions, the grant-date fair value of the share based payment is measured to reflect such conditions, and there is no true up for differences between expected and actual outcomes.

(Continued)

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

(s) Income taxes

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

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

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

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

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

(iii) Initial recognition of goodwill.

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

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

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

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

1) levied by the same taxing authority; or

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

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

(Continued)

(t) Earnings per share

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

(u) Operating segments

The Company discloses its segment information in the consolidated financial statements. Therefore, the Company need not disclose segment information in the parent-company-only financial statements.

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

(a) Judgment regarding acting as a principal or as an agent on commission

In respect of commissions, the Company concludes that the following indicators provide further evidence that it does not control the specified goods before they are transferred to the customer, and therefore it acts as an agent.

- The Company neither obliged to provide the goods if the supplier fails to transfer the goods to the customer, nor responsible for the acceptability of the goods.
- The Company does not commit itself to obtain the goods from the supplier before the goods are purchased by the customer, and does not accept responsibility for any damaged or returned goods.
- The Company cannot vary the selling prices set by the supplier.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Please refer to note 6(l) for further description of the impairment of goodwill.

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

The Company has established an internal control framework with respect to the measurement of fair value, which includes founding the financial instrument valuation group to review significant unobservable inputs and valuation adjustments (including level 3 fair value) and then report to the chief directly.

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

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

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

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

Please refer to Note 6(aa) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash	$ 50	50
Demand deposits and check deposits	481,686	370,805
Cash and cash equivalents in the statement of cash flows	$ 481,736	370,855

Time deposits whose term is less than one year are classified to other financial assets.

Please refer to note 6(aa) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2018
Debt investments at fair value through other comprehensive income:	
UPAMC China High Yield Bond Fund	$ 1,740
Amundi Funds II-Emerging Markets Bond U USD D ExD	8,723
UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD	3,695
Corporate bonds –Citigroup Global Markets Inc.	37,859
Corporate bonds –Formosa Group	18,334
Subtotal	70,351
Equity investments at fair value through other comprehensive income:	
Domestic unlisted company -Bridge Roots Capital	23,663
Domestic unlisted company -Cherri Tech Inc.	8,538
Domestic unlisted company -Jacker Cleanning Inc.	13,123
Domestic listed company -Newretail Co., Ltd	58,197
Subtotal	103,521
Total	**$ 173,872**

(i) Debt investments at fair value through other comprehensive income

The Company has assessed that the following securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and by selling securities; therefore, they have been classified as debt investments at fair value through other comprehensive income on January 1, 2018. The investments were classified as available-for-sale financial assets on December 31, 2017.

On May 30, 2018, the Company sold its investments as a result of the Company's investment strategy. The investment sold had a fair value of $10,288 and the Company realized a gain of $240, which has been transferred from other equity interest to profit or loss.

(ii) Equity investments at fair value through other comprehensive income

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

These investments were classified as financial assets measured at cost on December 31, 2017, expect for Newretail Co., Ltd. which was classified as available-for-sale financial assets on December 31, 2017.

No strategic investments were disposed as of December 31, 2018, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

(iii) For credit risk (including the impairment of debt investments) and market risk; please refer to note 6(aa).

(iv) None of the financial assets above are pledged as collateral for long-term borrowings.

(c) Non-current available-for-sale financial assets

	December 31, 2017
Investments in listed securities:	
Fund investments	$ 16,477
Stocks listed on domestic markets	135,731
Bond investments	66,786
Total	$ 218,994

(i) The Company invested $187,994 in private investment in public equity of Newretail Co., Ltd. in cash, which was equivalent to 9,572 thousand shares and acquired non-physical shares on July 25, 2017.

(ii) The Company purchased corporate bonds issued by Formosa Group in the amount of $19,855 in January 2017, and issued by Citigroup Global Market Inc. in the amount of $37,954 in July 2017.

(iii) The Company sold Taishin 1699 Money Market Fund with a carrying value of $50,000 in July 2017, and on the other hand, the Company purchased UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD in the amount of $50,000 in September 2017.

(iv) These investments were classified as financial assets at fair value through other comprehensive income on December 31, 2018; please refer to note 6(b).

(v) For credit risk and market risk, please refer to note 6(aa).

(vi) None of the financial assets above are pledged as collateral for long-term borrowings.

(d) Financial Assets Measured at Cost

	December 31, 2017
Available-for-Sale Financial Assets:	
Domestic unlisted common shares	$ 34,500

The aforementioned investments held by the Company were measured at amortized cost as of December 31, 2017, given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Company management had determined that the fair value cannot be measured reliably. These investments were classified as equity investments at fair value through other comprehensive income on December 31, 2018; please refer to note 6(b).

(Continued)

For credit risk and market risk, please refer to note 6(aa).

None of the financial assets above are pledged as collateral for long-term borrowings.

(e) Note and trade receivables

	December 31, 2018	December 31, 2017
Note receivables	$ 45	198
Trade receivables	127,612	136,426
Less: Loss allowance	(11,804)	(626)
	$ 115,853	**135,998**

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

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 106,444	0%	-
1 to 60 days past due	12,658	25%~50%	3,249
More than 60 days past due	8,555	100%	8,555
Total	**$ 127,657**		**11,804**

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

	December 31, 2017
Past due 61 to 150 days	$ 2
Past due 151 to 240 days	14
Past due 241 to 360 days	538
	$ 554

(iii) The movement in the allowance for notes and trade receivable was as follows:

	December 31, 2018	December 31, 2017	
		Individually assessed impairment	Collectively assessed impairment
Balance at January 1, 2018 and 2017 per IAS 39	$ 626	-	229
Adjustment on initial application of IFRS 9	-		
Balance at January 1, 2018 per IFRS 9	626		
Impairment losses recognized	11,191	-	397
Amounts written off	(13)	-	-
Balance at December 31, 2018 and 2017	$ **11,804**	-	**626**

(iv) The aforementioned notes and trade receivable of the Company were not pledged as collateral for long-term borrowings.

(f) Inventories

Inventories on December 31, 2018 and 2017 were categorized as follows:

	December 31, 2018	December 31, 2017
Merchandise	$ 13,116	23,595
Less: Loss allowance	(3,400)	(9,100)
	$ **9,716**	**14,495**

As of December 31, 2018 and 2017, inventory cost were recognized as cost of sales and expenses amounted to $46,488 and $116,064, respectively.

The Company has sold the merchandise whose cost was lower than net realizable value; therefore, the Company reversed write-downs amounted to $5,700 and reduced the cost of sold for the year ended of 2018.

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

(Continued)

(g) Investments accounted for using equity method

The details of the investments accounted for using equity method were as follows:

	December 31, 2018	December 31, 2017
Subsidiaries	$ 745,653	692,969
Associates	25,825	-
	$ 771,478	692,969

(i) Subsidiaries

For the related information, please refer to the consolidated financial statements for the year ended December 31, 2018.

(ii) Associates

The Company's financial information for investments in individually insignificant associates accounted for using the equity method at the reporting date is as follows. These financial information are included in the financial statements.

	December 31, 2018	December 31, 2017
Carrying amount of individually insignificant associates' equity	$ 25,825	-

In 2018 and 2017, the Company's share of the net income of associates was as follows:

	2018.10.12 ~2018.12.31	2017
Attributable to the Company:		
Profit from continuing operations	$ 118	-
Other comprehensive income	-	-
Comprehensive income	$ 118	-

The Company does not have any contingent liabilities arising from associate with other investor or for individual responsibility.

There is no significant restrictions to transfer financial resource from associate to the Company.

As of December 31, 2018 and 2017, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(h) Changes in a parent's ownership interest in a subsidiary

(i) Changes in subsidiaries' equity did not result in the Company's loss of control

Digit Marketing Co., Limited (hereinafter referred to Digit Marketing) approved a resolution to issue 400 thousand common stocks by cash, and retained part of its shares for the employees in September 2018, which reduced the Company's direct holding from 55% to 53.27%. Addcn Technology (HK) Co., Limited approved a resolution to issue 2,786 thousand common stocks by cash, and retained part of its shares for Group's employees in September 2018, which reduced the Company's indirect holding from 100% to 70%.

The effect of change in equity of subsidiary ownership attributable to parent equity is stated as follow:

	2018	
	Digit Marketing Co., Limited	**Addcn Technology (HK) Co., Limited**
Capital equity-changes in ownership interest	$ 374	4,746
Other equity -exchange differences on translation of foreign financial statements	-	620
Retained earnings reduction	$ 374	5,366

(i) Loss control of subsidiaries

The Company gave up acquiring subsidiary's cash capital increase, Digit Marketing Co., Ltd in October 22, 2018. The Company's direct holding decreased from 53.27% to 33.29% and the number of directors is not over half, so it lost control over Digit Marketing. Due to loss of control, the transaction should be considered disposing 53.27% share of Digit Marketing. The fair value of the disposal was $25,066, and the Company recorded the total gain of $1,681 under gain on disposal of investments in statements of comprehensive income.

On October 22, 2018, the carrying amount of assets and liabilities of Digit Marketing on the date of disposal were as follow:

Cash and cash equivalents	$ 25,955
Accounts receivable and other receivable	47,125
Other current assets	1,426
Property, plant and equipment	2,149
Intangible assets	278
Other non-current assets	58
Accounts payable and other payable	(25,440)
Other current liabilities	(7,410)
Carrying amount of net assets	$ 44,141

(Continued)

(j) Property, plant and equipment

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

	Land	Buildings and structures	Office Equipment	Leasehold Improvements	Total
Cost or deemed cost:					
Balance at January 1, 2018	$ 131,656	101,855	60,998	9,327	303,836
Additions	-	106	12,832	-	12,938
Disposals	-	-	(290)	-	(290)
Balance at December 31, 2018	$ 131,656	101,961	73,540	9,327	316,484
Balance at January 1, 2017	$ 120,939	96,153	58,738	8,915	284,745
Additions	-	-	4,699	412	5,111
Reclassification from investment property	10,717	5,702	-	-	16,419
Disposals	-	-	(2,439)	-	(2,439)
Balance at December 31, 2017	$ 131,656	101,855	60,998	9,327	303,836
Depreciation and impairments losses:					
Balance at January 1, 2018	$ -	13,635	50,097	9,053	72,785
Depreciation	-	5,744	7,071	274	13,089
Disposals	-	-	(285)	-	(285)
Balance at December 31, 2018	$ -	19,379	56,883	9,327	85,589
Balance at January 1, 2017	$ -	7,703	45,815	8,915	62,433
Reclassification from investment property	-	367	-	-	367
Depreciation	-	5,565	6,597	138	12,300
Disposals	-	-	(2,315)	-	(2,315)
Balance at December 31, 2017	$ -	13,635	50,097	9,053	72,785
Carrying amount:					
Balance at December 31, 2018	$ 131,656	82,582	16,657	-	230,895
Balance at December 31, 2017	$ 131,656	88,220	10,901	274	231,051
Balance at January 1, 2017	$ 120,939	88,450	12,923	-	222,312

As of December 31, 2018 and 2017, the Company did not provide any property, plant and equipment as collateral for its loan.

(Continued)

(k) Investment property

	Land	Buildings and structures	Total
Cost or deemed cost:			
Balance at January 1, 2018	$ 35,745	20,991	56,736
Additions	46,948	19,515	66,463
Balance at December 31, 2018	**$ 82,693**	**40,506**	**123,199**
Balance at January 1, 2017	$ 46,462	26,693	73,155
Reclassification to property, plant and equipment	(10,717)	(5,702)	(16,419)
Balance at December 31, 2017	**$ 35,745**	**20,991**	**56,736**
Depreciation and impairments losses:			
Balance at January 1, 2018	$ -	2,813	2,813
Depreciation	-	1,199	1,199
Balance at December 31, 2018	**$ -**	**4,012**	**4,012**
Balance at January 1, 2017	$ -	2,266	2,266
Depreciation	-	914	914
Reclassification to property, plant and equipment	-	(367)	(367)
Balance at December 31, 2017	**$ -**	**2,813**	**2,813**
Carrying amount:			
Balance at December 31, 2018	**$ 82,693**	**36,494**	**119,187**
Balance at December 31, 2017	**$ 35,745**	**18,178**	**53,923**
Balance at January 1, 2017	**$ 46,462**	**24,427**	**70,889**
Fair value:			
Balance at December 31, 2018			**$ 117,195**
Balance at December 31, 2017			**$ 50,003**

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains a 2-year non-cancellable period. Subsequent renewals are negotiated with the lessee and no contingent rents are charged. For further information (including rental income and related operating expenses) please refer to note 6(p).

The fair value was based on the latest transaction data announced on Department of Land Administration Ministry of the Interior.

As of December 31, 2018 and 2017, the investment property of the Company hadn't been pledged as collateral for long-term borrowings.

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(l) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2018 and 2017, were as follows:

	Goodwill	Brand/Trade marks	Client relationship/ Database/518 computer system	Others	Total
Cost:					
Balance at January 1, 2018	$ 58,000	27,818	59,208	4,838	149,864
Additions	-	-	-	939	939
Balance at December 31, 2018	$ 58,000	27,818	59,208	5,777	150,803
Balance at January 1, 2017	$ 58,000	27,818	59,208	2,977	148,003
Additions	-	-	-	1,861	1,861
Balance at December 31, 2017	$ 58,000	27,818	59,208	4,838	149,864
Accumulated amortization and impairment losses					
Balance at January 1, 2018	$ -	9,602	19,243	2,932	31,777
Amortization	-	2,680	5,920	571	9,171
Balance at December 31, 2018	$ -	12,282	25,163	3,503	40,948
Balance at January 1, 2017	$ -	6,922	13,322	2,555	22,799
Amortization	-	2,680	5,921	377	8,978
Balance at December 31, 2017	$ -	9,602	19,243	2,932	31,777
Carrying value:					
Balance at December 31, 2018	$ 58,000	15,536	34,045	2,274	109,855
Balance at December 31, 2017	$ 58,000	18,216	39,965	1,906	118,087
Balance at January 1, 2017	$ 58,000	20,896	45,886	422	125,204

Goodwill arose from the acquisition of 518 Technology Co., Ltd.. The Company tested for impairment for the years ended 2018 and 2017, and there was no evidence that goodwill was impaired.

The amortization of intangible assets is included in the statement of comprehensive income:

	2018	2017
Operating expenses	$ 9,171	8,978

As of December 31, 2018 and 2017, the intangible assets of the Company hadn't been pledged as collateral for long-term borrowing.

(Continued)

(m) Other financial assets

Other financial assets of the Company were as follows:

	December 31, 2018	December 31, 2017
Other current financial assets	$ 104,590	216,047
Other receivables	482	1,838
Current restricted assets	429,336	544,098
	$ 534,408	**761,983**

(i) Other current financial asset

Other financial assets mainly consist of time deposits whose term is less than one year.

(ii) Other receivable

Other receivables mainly consist of the fee received from convenience stores, receipts under custody by bank but not transferred into the Company, and interest receivables.

(iii) Current restricted assets

Current restricted assets mainly consist of time deposits pledged as collateral and receipts under custody from transaction between members on 8591 Virtual Treasure Trade. Please refer to note 8 for the information of pledged assets.

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

Other current assets and other non-current assets were as follows:

	December 31, 2018	December 31, 2017
Current prepaid expense	$ 9,941	4,262
Current temporary payments	1,225	19,406
Others	150	1,813
Subtotal	11,316	18,773
Guarantee deposits paid	696	1,045
Subtotal	696	728
Total	**$ 12,012**	**19,501**

(i) Current prepaid expense

Current prepaid expense mainly consist of system outsourcing usage fee, domain service fee, rent and insurance.

(ii) Current temporary payments

Temporary payments consist of payment from online payment and advanced to member from others on 8591 Virtual Treasure Trade.

(Continued)

(iii) Others

Others consist of payment on behalf of others from convenience stores and telecom operators and input tax .

(o) Other payables and receipts under custody

Other payables and receipts under custody were as follows:

	December 31, 2018	December 31, 2017
Business tax payable	$ 9,653	9,124
Current tax liabilities	75,204	68,794
Employee compensation payable	54,885	53,902
Compensation due to directors and supervisors	7,323	7,440
Payment for annual leave	2,523	2,523
Wages and salaries payable	16,251	22,731
Accrued expenses payable	19,002	12,922
Subtotal	184,841	177,436
Receipts under custody	417,101	399,399
Total	$ 601,942	576,835

Receipts under custody are collection on behalf of others which are not retrieved from member transaction on 8591 Virtual Treasure Trade. The collection is deposited in individual trust account of E. Sun Bank and other bank accounts.

(p) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2018	December 31, 2017
Less than one year	$ 6,859	6,721
Between one and five years	4,602	1,318
	$ 11,461	8,039

The Company leases office building and broadband network under operating leases. The leases typically run for a period of 1 to 5 years, with an option to renew the lease after that date. Lease payments are increased every five years to reflect rental at fair value. Some leases provide for additional rent payments that are based on changes in a local price index.

(ii) Leases as lessor

The Company leases out its investment properties (see Note 6(k)). The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2018	December 31, 2017
Less than one year	$ 1,634	725
Between one and five years	800	-
	$ 2,434	725

Rental income from investment property was $1,595 and $1,813 for 2018 and 2017, respectively.

(q) Employee benefits

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

The pension costs amounted to $3,740 and $3,283 for the years ended December 31, 2018 and 2017, respectively.

(r) Income tax

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable in 2018.

(i) Income tax expense

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

	2018	2017
Current tax expense		
Current period	$ 138,590	127,362
Adjustment for prior periods	(168)	151
	138,422	127,513
Deferred tax expense		
Origination and reversal of temporary differences	3,703	2,070
Adjustment in tax rate	(4,078)	-
	(375)	2,070
Tax expense	$ 138,047	129,583
Income tax expense from continuing operations	$ 138,047	101,085
Income tax from discontinued operation (excluding gain on sale)	-	(1,558)
Income tax on gain on sale of discontinued operation	-	30,056
	$ 138,047	129,583

(Continued)

Reconciliation of income tax and profit before tax were as follows:

	2018	2017
Profit excluding income tax	$ 733,587	763,962
Income tax using the company's domestic tax rate	146,718	129,874
Permanent differences	(4,425)	(898)
10% surtax on undistributed retained earnings	-	456
Adjustment in tax rate	(4,078)	-
Others	(168)	151
	$ 138,047	**129,583**

(ii) Recognized deferred tax assets and liabilities

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

	Unrealized loss on valuation of inventories	Loss on investment	Others	Total
Deferred tax assets:				
Balance at January 1, 2018	$ 1,547	20,522	1,225	23,294
Recognized in profit or loss	(867)	(228)	1,296	201
Balance at December 31, 2018	**$ 680**	**20,294**	**2,521**	**23,495**
Balance at January 1, 2017	$ 1,547	24,108	56	25,711
Recognized in profit or loss	-	(3,586)	1,169	(2,417)
Balance at December 31, 2017	**$ 1,547**	**20,522**	**1,225**	**23,294**

	Others	Total
Deferred tax liabilities:		
Balance at January 1, 2018	$ (187)	(187)
Recognized in profit or loss	174	174
Balance at December 31, 2018	**$ (13)**	**(13)**
Balance at January 1, 2017	$ (534)	(534)
Recognized in profit or loss	347	347
Balance at December 31, 2017	**$ (187)**	**(187)**

(iii) Assessment of tax

The Company's tax returns for the years through 2016 were assessed by the tax authority.

(s) Capital and other equity

As of December 31, 2018 and 2017, the total value of authorized ordinary shares both amounted to $500,000 with par value of $10 per share, and the contributed capital amounted to $425,790 and $425,805, respectively.

Reconciliation of shares outstanding for 2018 and 2017 was as follows:

(in thousand shares)

	Ordinary share	
	2018	2017
Balance on January 1	42,581	42,583
Retirement of restricted stock awards	(2)	(2)
Balance on December 31	$ 42,579	42,581

(i) Ordinary share

As of 2018 and 2017, the Company had cancelled both 2 thousand shares since the employees did not achieve the vesting conditions of restricted stock awards.

(ii) Capital surplus

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

	December 31, 2018	December 31, 2017
Share premium	$ 410,247	533,829
Restricted stock awards	8,658	32,756
Employee share options	2,269	-
Changes in equity of associated and joint ventures accounted for using equity method	641	-
	$ 421,815	566,585

At the general meeting of shareholders held on June 14, 2018, and June 1, 2017, the Company approved a resolution to distribute $149,032 and $191,623 from capital surplus of share premium as cash dividend of $3.5 and $4.5 per share, respectively.

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

(Continued)

(iii) Retained earnings

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

1) Legal reserve

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

2) Special reserve

At the general meeting of shareholders held on June 14, 2018 and June 1, 2017, the Company approved a resolution to reclassified undistributed earnings to special earnings reserve with amounts of $63,253 and $45,422, respectively. As of December 31, 2018 and 2017, the balance of special earnings reserve were $121,582 and $58,329.

3) Earnings Distribution

Earnings distribution for 2017 and 2016 was decided by the resolution adopted, at the general meeting of shareholders held on June 14, 2018 and June 1, 2017, respectively. The relevant dividend distributions to shareholders were as follow:

	2017		2016	
	Amount per Share	Total amount	Amount per Share	Total amount
Dividends distributed to common shareholders:				
Cash	$ 12.00	510,966	10.50	447,122

On March 14, 2019, the Company's Board of Directors resolved to appropriate the 2018 earnings. The cash dividend distributed to shareholders is $10.6 dollar per share from earnings, and $1.9 dollar per share from capital surplus of share premium.

(iv) OCI accumulated in reserve, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through over comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Unearned compensation	Amount
Balance at January 1, 2018	$ (69,437)	-	(52,143)	(15,487)	(137,067)
Effects of retrospective application	-	(49,695)	52,143	-	2,448
Balance at January 1, 2018 after adjustments	(69,437)	(49,695)	-	(15,487)	(134,619)
Exchange differences of net asset in foreign operations	(11,497)	-	-	-	(11,497)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(69,648)	-	-	(69,648)
Share-based payment	-	-	-	12,910	12,910
Retirement of restricted stock awards	-	-	-	299	299
Balance at December 31, 2018	$ (80,934)	(119,343)	-	(2,278)	(202,555)
Balance at January 1, 2017	$ (58,567)	-	240	(51,642)	(109,969)
Exchange differences of net asset in foreign operations	(10,870)	-	-	-	(10,870)
Unrealized gains (losses) on available-for-sale financial assets	-	-	(52,383)	-	(52,383)
Share-based payment	-	-	-	35,657	35,657
Retirement of restricted stock awards	-	-	-	498	498
Balance at December 31, 2017	$ (69,437)	-	(52,143)	(15,487)	(137,067)

(t) Share-based payment

The Board of Directors' meeting on June 16, 2016, the Company decided to award 737 thousand new shares of restricted stock to those full-time employees whose performance assessment was excellent. The restricted stock which has been registered and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. would be issued in different times. On September 19, 2016, the Board of Directors issued 320 thousand shares of the restricted stock. The record date for the capital increase through issuance of restricted shares was October 14, 2016.

Those employees with the restricted stock awards are entitled to obtain complimentary shares with the condition that these employees achieve the performance and continue to provide service to the Company for at least 3 years (from the grant date). 40% of the restricted stock is vested in year 1 after the grant date, 40% of the restricted stock is vested in year 2 after the grant date, and the remaining 20% is vested in year 3 after the grant date.

If these employees who obtain the restricted stock awards violate Regulations Governing Issuance of Restricted Stock Awards in 2016, employment contract, confidential contract, trust contract, Ethical Corporate Management Best Practice Principles, Codes of Ethical Conduct, the Rules of Information Security, Work Rules, and so on, the Company will repurchase all the unvested shares without charge, and cancel the shares thereafter.

(Continued)

These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to third parties during the custody period, except for inheritance. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. The rights of shares are the same as issued ordinary share, except for the above restrictions.

As of December 31, 2018 and 2017, the balances of unearned compensation were $2,278 and $15,487 and the expenses sprang from the restricted stock awards were $14,546 and $35,657, respectively.

Digit Marketing Co., Ltd. and Addcn Technology (HK) Co., Ltd. conducted cash offering and retained part of its shares for the Group's employees in September. The expense from the share which the Company's employee subscribed was $2,269.

(u) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2018 and 2017, were based on the profit attributable to ordinary shareholders of the Company of $595,540 and $634,379 and the weighted average number of ordinary shares outstanding of 42,417 thousand and 42,290 thousand, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2018	2017
Continuing operations	$ 595,540	499,389
Discontinued operations	-	134,990
Profit attributable to ordinary shareholders of the Company	**$ 595,540**	**634,379**

2) Weighted average number of ordinary shares (thousand shares)

	2018	2017
Issued ordinary shares at 1 January	42,390	42,263
Vesting of restricted stock	27	27
Weighted average number of ordinary shares outstanding at December 31	**42,417**	**42,290**

(ii) Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2018 and 2017, were based on the profit attributable to ordinary shareholders of the Company of $595,540 and $634,379 and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 42,741 thousand and 42,662 thousand, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

		2018	2017
Continuing operations	$	595,540	499,389
Discontinued operations		-	134,990
Profit attributable to ordinary shareholders of the Company (diluted)	$	**595,540**	**634,379**

2) Weighted average number of ordinary shares outstanding (diluted)(thousand shares)

	2018	2017
Weighted average number of ordinary shares outstanding (basic)	42,417	42,290
Effect of restricted employee share unvested	50	95
Estimated effect of employee stock bonuses	274	277
Weighted average number of ordinary shares outstanding at December 31 (diluted)	**42,741**	**42,662**

3) Earnings per share

		2018	2017
Basic earnings per share			
Continuing operations	$	14.04	11.81
Discontinued operations		-	3.19
	$	**14.04**	**15.00**
Diluted earnings per share			
Continuing operations	$	13.93	11.71
Discontinued operations		-	3.16
	$	**13.93**	**14.87**

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

		2018
Primary geographical markets:		
Taiwan	$	**1,417,973**
Major products/services lines:		
Internet service revenue	$	1,008,218
Commission		345,150
Product sales		64,605
	$	**1,417,973**

(Continued)

For details for revenue for 2017, please refer to note 6(w).

For the year ended December 31, 2018, revenue from e-commerce was $1,314,348, which was 93% of total revenue.

(ii) Contract balances

	December 31, 2018	January 1, 2018
Accounts receivable	$ 127,657	136,624
Less: allowance for impairment	(11,804)	(626)
	$ 115,853	**135,998**

	December 31, 2018	January 1, 2018
Contract liability-internet service	$ 184,469	177,145
Contract liability-online advertising solicitation	1	389
	$ 184,470	**177,534**

For details on account receivable and allowance for impairment, please refer to note 6(f).

(w) Revenue

The details of revenue for the year ended December 31, 2017 was as follows:

	2017		
	Continuing operation	Discontinued operation	Total
Online product sales	$ 38,228	105,072	143,300
Internet service revenue	883,403	-	883,403
Commission	337,011	-	337,011
Others	67,259	-	67,259
	$ 1,325,901	**105,072**	**1,430,973**

For details on revenue for 2018, please refer to note 6(v).

For the year ended December 31, 2017, revenue from e-commerce was $1,258,642, which was 95% of total revenue.

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

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

For the years ended December 31, 2018 and 2017, the Company estimated its employee remuneration and directors' and supervisors' remuneration amounting as following:

	2018	2017
Employee compensation	54,860	53,902
Directors' and supervisors' remuneration	7,323	7,440
	62,183	**61,342**

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2018 and 2017.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2018 and 2017. Related information would be available at the Market Observation Post System website.

(y) Non-operating income and expenses

Other income

The details of other income were as follows:

	2018	2017
Processing fee income	$ 9,524	9,949
Others	14,708	5,881
	$ 24,232	**15,830**

(z) Reclassification adjustments of components of other comprehensive income

The details of reclassification adjustments of components of other comprehensive income were as follows:

	2018	2017
Available-for-sale financial assets:		
Net change in fair value	$ -	(52,383)
Net change in fair value reclassified to profit or loss	-	-
Debt instruments at fair value through other comprehensive income		
Net change in fair value	(2,679)	-
Net change in fair value reclassified to profit or loss	(240)	-
Net change in fair value recognized in other comprehensive income	**$ (2,919)**	**(52,383)**

(aa) Financial instrument

(i) Categories of financial instruments

1) Financial assets

	December 31, 2018	December 31, 2017
Financial assets at fair value through other comprehensive income	$ 173,872	-
Available-for-sale financial assets (including financial assets measured at cost $34,500)	-	253,494
Amortized cost financial assets (loans and receivables):		
Cash and cash equivalents	481,736	370,855
Note and trade receivable	115,853	135,998
Account receivable due from related parties	20,781	11,130
Other financial asset	534,408	761,983
Total	**$ 1,326,650**	**1,533,460**

2) Financial liabilities

	December 31, 2018	December 31, 2017
Financial liabilities measured at amortized cost:		
Notes and trade payable	3,711	5,850
Accounts payable to related parties	68,786	68,690
Other payable	184,841	177,436
Other payable to related parties	6,962	-
Receipts under custody	417,101	399,399
Total	**$ 681,401**	**651,375**

(ii) Credit risk

1) Credit risk exposure

As of December 31, 2018 and 2017, the Company's maximum amount exposed to credit risk were $1,326,650 and $1,533,460, respectively.

2) Concentration of credit risk

As the Company has a large customer base and does not have a significant concentration of transactions with a single customer, the credit risk of accounts has no significant concentration.

(Continued)

(iii) Liquidity risk

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

		Contractual cash flows	Within 6 months
December 31, 2018			
Non-derivative financial liabilities			
Notes and trade payable	$	3,711	3,711
Accounts payable to related parties		68,786	68,786
Other payable		184,841	184,841
Other payable to related parties		6,962	6,962
Receipts under custody		417,101	417,101
	$	681,401	681,401
December 31, 2017			
Non-derivative financial liabilities			
Notes and trade payable	$	5,850	5,850
Accounts payable to related parties		68,690	68,690
Other payable		177,436	177,436
Receipts under custody		399,399	399,399
	$	651,375	651,375

(iv) Currency risk

1) Exposure to foreign currency risk

The Company did not face significant exposure to foreign currency risk on financial assets and liabilities.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

(vi) Information of fair value

1) Fair value hierarchy

The fair value of financial assets at fair value through other comprehensive income (available for sale financial assets)is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2018				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks in domestic listed company	$ 58,198	-	58,198	-	58,198
Stock in domestic unlisted company	45,323	-	-	45,323	45,323
Funds	14,158	14,158	-	-	14,158
Bonds	56,193	56,193	-	-	56,193
Total	$ 173,872	70,351	58,198	45,323	173,872

	December 31, 2017				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Stocks in domestic listed company	$ 135,731	-	135,731	-	135,731
Funds	16,477	16,477	-	-	16,477
Bonds	66,786	66,786	-	-	66,786
Financial assets measured at cost	34,500	-	-	-	-
Total	$ 253,494	83,263	135,731	-	218,994

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

(Continued)

In addition, fair value of private placement listed equity instrument is measured by the market value of investee, and the value of put option is measured as no-active-market liquidity discount to adjust the effect that the equity security lacks of market liquidity. The main assumption is that when investors hold restricted equity securities, they can buy put option which the strike price is equivalent of market value of restricted equity securities, to ensure that investors can still sell their restricted equity securities at current market price after the termination of restricted trading period. Therefore, the value of put option, which is measured by Black-Scholes model, stands for the cost that investors are willing to pay in order to ensure the liquidity of equity security market.

The Company uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

Financial assets at FVOCI- non-current are investments in non-listed stock. The fair value is based on the market approach of comparable business. For non-listed stock, the price is based on the estimated earnings before interest, taxes, depreciation, and amortization of investee and the quoted price in an active market of comparable companies. The estimated fair value is adjusted for the lack of liquidity.

3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income (Available-for-sale financial assets)
	Unquoted equity instruments
Opening balance, January 1, 2018	$ 36,948
Total gains and losses recognized	
In profit or loss	-
In other comprehensive income	8,375
Ending Balance, December 31, 2018	$ 45,323
Opening balance, January 1, 2017	-
Total gains and losses recognized	
In profit or loss	-
In other comprehensive income	-
Ending Balance, December 31, 2017	-

For the years ended December 31, 2018 and 2017, total gains and losses that were included in "other gains and losses", "unrealized gains and losses from available-for-sale financial assets" and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	2018	2017
Total gains and losses recognized		
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	10,823	-

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

The Company's financial instruments that use Level 3 inputs to measure fair value in "financial assets measured at fair value through other comprehensive income – equity security investments".

Most of fair value that use Level 3 have single significant unobservable inputs, only measurements of fair value of equity instruments without an active market had several significant unobservable inputs. Due to independence of significant unobservable inputs in equity instruments without an active market, there were no exist correlation between each other.

Quantified information of significant unobservable inputs was as follows :

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income (Available for sale financial assets) equity investments without an active market	Comparable company analysis	· P/B ratio (2.23~14.02 on December 31, 2018) · P/E ratio (15.36~19.82 on December 31, 2018) · Lack-of-Marketability Discount (9.54%~48.04% on December 31, 2018)	The estimated fair value would increase (decrease) if: · the P/B ratio were higher (lower); · the P/E ratio were higher (lower); or · Lack-of-marketability discount were lower (higher).

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income (Available for sale financial assets) stock investigation	Net asset valuation method	· Net asset valuation	Not applicable

(ab) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Framework of risk management

The Board of Directors has responsibility for the establishment and oversight of the risk management framework. Internal Audit is responsible for identifying and analyzing the risk faced by the Company. The heads of departments set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Supervisor oversees how management monitors compliance with the Company' s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Supervisor is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Supervisor.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

1) Trade and other receivable

The exposure to credit risk is affected by each individual client. The management considers the basic statistics data of client, including the default risk of client's industry and country which probably affect credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivable, other receivable, and investment. The components of this impairment allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Collective loss component established for groups is based on similar historical payment data of financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(iv) Liquidity risk

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

(v) Market risk

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

1) Currency risk

The Company is exposed to currency risk on sales, and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), Hong Kong Dollar (HKD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, US Dollar (USD), HKD, and CNY.

(ac) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence, and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests. The Board of Directors monitors return on capital and also controls the level of dividend. The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 900,914	859,992
Less: cash and cash equivalents	481,736	370,855
Net debt	**$ 419,178**	**489,137**
Total equity	**$ 1,702,374**	**1,833,813**
Debt-to-equity ratio at December 31	**24.62 %**	**26.67 %**

As of December 31, 2018, the Company's capital management strategy was not changed. The debt-to-equity ratio was decreased on December 31, 2018, due to cash inflow generated from operating which increases the balance of cash and cash equivalents and reduces net debt.

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Addcn Technology (Samoa) Co., Ltd.	The Company's subsidiary
Addcn Technology (SHENZHEN) Co., Ltd.	The Company's subsidiary
Addcn Technology (HK) Co., Ltd.	The Company's subsidiary
Digit Marketing Co., Ltd.	The Company's associate

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(b) Significant transactions with related parties

(i) The amounts of services provided by the Company to related parties and account receivable due to related parties were as follows:

	Sales amount		Account receivable	
	2018	2017	December 31, 2018	December 31, 2017
Associate	$ 4,949	-	20,781	-

The Company signed exclusive advertising selling and collaboration agreement with Digit Marketing on October 15, 2018. The Company agreed that Digit Marketing could sell the advertising banner on the Company's platform. The agreement is valid from signing day to December 31, 2021, but both parties can extend or shorten the agreement period by their needs. Term for receivable collection is 180 days. Related parties do not receive collateral for receivables, and there is no need to recognize impairment loss after assessment.

(ii) The amounts of purchase of services by Company to related parties and account payable to related parties were as follows:

	Purchase amount		Account payable	
	2018	2017	December 31, 2018	December 31, 2017
Addcn Technology (SHENZHEN) Co., Ltd.	$ 229,012	300,186	68,786	68,690

The Company and Addcn Technology (SHENZHEN) Co., Ltd. re-signed contract on January 1, 2017. Addcn Technology (SHENZHEN) provides web design, technical support, and regular maintenance. The related service fees are annual operating cost of Addcn Technology (SHENZHEN) plus 7%. The Company pays CNY $2,500 monthly, and reconciles quarterly. The duration of the contract is 3 years, but both sides can extend or shorten the duration by their needs.

(iii) Other transaction with related parties

The details of other transaction with related parties were as follows:

Account	Relationship	December 31, 2018	December 31, 2017
Commission fee - Digit Marketing	Associate (Note)	$ 59,818	25,879
Rent income	Associate (Note)	583	429
Other income	Subsidiary	1,200	1,200
Other payable	Associate (Note)	10,076	1,775
Manufacturing rent expense	Associate (Note)	53	-
Other payable	Associate	6,962	-

(Continued)

Account	Relationship	December 31, 2018	December 31, 2017
Other receivable	Subsidiary	100	140
Account receivable	Subsidiary	-	11,130

Note: The Company lost control over Digit Marketing Co., Ltd. on October 22, 2018, so the relationship changed from subsidiary to associate.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2018	2017
Salaries and wages	18,586	17,616
Execution expense	400	340
Employee bonus	31,133	30,800
Share-based payments	18,118	15,920
	68,237	64,676

Please refer to note 6(t) for further explanation related to shared-based payments.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2018	December 31, 2017
Time deposits(interest rate 1.02%~1.065% annually)	License of employment service agency	$ 3,000	3,000

(9) Significant Commitments and Contingencies:

(a) The Company had been investigated by prosecution authority on December 28, 2013, and New Taipei District Prosecutor Office had already indicted Liao Shih-Fang, Wu Tsung-Hsien and Wang Cheng-Yu, who were the Company's chairman, president and ex-director respectively. Origin of the case, facts of indictment, Company's strategy and influence on Company's operation are stated as below:

(i) Origin of the Case and Facts of Indictment

8591 Virtual Treasure Trade, which is operating under the Company, had been investigated by prosecution authority on December 28, 2013, due to people's report of the violation of Act Governing Issuance of Electronic Stored Value Cards, and the Company's chairman, president and ex-director had been indicted for violating latter part of paragraph 1 of Article 30 of Act Governing Issuance of Electronic Stored Value Cards. The Company issued electronic stored value cards totaling 18.6 billion NT dollars without authority's permit from January 26, 2009 to February 28, 2013.

(ii) Company's Strategy

The Company had engaged attorney to verify the elements of crime of relative articles of the law and found that the business model of the Company did not violate the law. 8591 Virtual Treasure Trade, which referred to operating model of similar foreign platform to design relative payment transaction, is mainly to maintain internet trading safety and to prevent from internet fraud. No consumer suffered from property loss from opening day to date. Therefore, the Company's engaged attorney believed that it is highly probable that the lawsuit would be found of no guilty.

The Company agreed to and signed "Collection and Payment Transfer of Internet Trading — Deposit and Payment Account Service Agreement" on January 9, 2014, based on the stored value and payment mechanism of 8591 Virtual Treasure Trade. Members' stored payment was kept by E.Sun Bank. Meanwhile, to promote the business and development of trading platform, the Company agreed to and signed ' Collection and Payment Transfer of Trust Money Agreement' regarding business of collection and payment transfer, which was according to authorization requirements of paragraph 2 of Article 3 of the Act Governing Electronic Payment Institutions, and complied with enforcement decree of the authorization. Payment of member transaction was kept by the bank trust, and the Company would keep focusing on maintenance of websites and serving safe and convenient virtual treasure trade platform.

(iii) Influence on Company's Operation

New Taipei District Court made the first instance judgment on February 22, 2017 that the Company's chairman, president and ex-director were all not guilty. The prosecutor filed an appeal due to the disagreement of the original verdict. Taiwan High Court made the second instance judgment and dismissed the prosecutor's appeal on January 19, 2018. The prosecutor had not filed an appeal and the three defendants were found innocent; therefore, the lawsuit did not pose any adverse effect on the Company.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By funtion / By item	2018			2017		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	35,218	118,072	153,290	27,367	131,099	158,466
Labor and health insurance	2,964	6,308	9,272	2,036	5,742	7,778
Pension	1,496	2,244	3,740	1,035	2,248	3,283
Remuneration of directors	-	5,511	5,511	-	5,665	5,665
Others	132	3,540	3,672	85	3,416	3,501
Depreciation	3,220	11,068	14,288	2,297	10,917	13,214
Amortization	-	9,171	9,171	-	8,978	8,978

In 2018 and 2017, the Company had 142 and 115 employees, of which 5 directors were not in concurrent employment in both years.

(Continued)

(b) Discontinued operation

To focus on business of online platform, the Company's Board of Directors approved to sell 101 Original Design T-shirt department (clothes sale department) to Guangxu Network Technology Co., Ltd. on March 14, 2017, and finished sales of business by agreement on June 14, 2017.

Profit and loss, and cash flows from discontinued operation are summarized as follows:

	2017
Results from operating activities:	
Sales revenue	105,072
Operating costs	(77,553)
Gross profit	27,519
Operating expenses	(36,456)
Operating loss	(8,937)
Non-operating income and expenses	-
Profit from discontinued operation before tax	(8,937)
Tax income	1,558
Profit from discontinued operation	(7,379)
Gain on sale of discontinued operation	172,425
Income tax on gain on sale of discontinued operation	(30,056)
Total profit from discontinued operation	**134,990**
Cash flows from discontinued operation:	
Net cash from operating activities	$ 11,375
Net cash from investing activities	-
Net cash inflow	**$ 11,375**

Effects of disposal on the financial position of the Company:

	December 31, 2017
Cash and cash equivalents	$ 15,000
Other current assets	56
Property, plant and equipment	124
Other current liabilities	(8,255)
Net assets and liabilities	**$ 6,925**
Consideration received, satisfied in cash	$ 179,350
Cash and cash equivalents disposed of	(15,000)
Net cash inflow	**$ 164,350**

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock Jacker cleaning Inc.	None	Equity investments at FVOCI	343	13,123	11.42 %	13,123	
The Company	Stock Bridge Roots Capital	None	Equity investments at FVOCI	2,000	23,663	3.64 %	23,663	
The Company	Stock Cherri Tech Inc.	None	Equity investments at FVOCI	100	8,538	5.85 %	8,538	
The Company	Stock Newretail Co., Ltd.	None	Equity investments at FVOCI	9,572	58,197	8.11 %	58,197	
The Company	Fund UPAMC China High Yield Bond Fund	None	Debt investments at FVOCI	-	1,740	- %	1,740	
The Company	Fund UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD	None	Debt investments at FVOCI	-	3,695	- %	3,695	
The Company	Fund Amundi Funds II-Emerging Markets Bond U USD D ExD	None	Debt investments at FVOCI	-	8,723	- %	8,723	
The Company	Bond Formosa Group Corporate Bond	None	Debt investments at FVOCI	-	18,334	- %	18,334	
The Company	Bond Citigroup Global Market Inc. Corporate Bond	None	Debt investments at FVOCI	-	37,859	- %	37,859	
Addcn Technology (Samoa)	Stock Bridge Root Fund, L.P.	None	Equity investments at FVOCI	-	92,130	1.72 %	92,130	

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

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(Continued)

Addcn Technology Co., Ltd.
Notes to the Financial Statements

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Samoa	Samoa	Foreign holding company	950,236 (USD29,760 thousand)	883,164 (USD27,510 thousand)	29,760	100.00 %	745,653	12,846	12,846	Subsidiary (Note 1)
The Company	Digit Marking	Taiwan	Advertising	7,441	5,500	799	33.29 %	25,825	27,642	15,005	Associate (Note 2)
Addcn Technology (Samoa)	Addcn Technology (HK)	Hong Kong	Electronic information supply	204,005 (USD6,500 thousand)	204,005 (USD6,500 thousand)	6,500	70.00 %	43,720	(186)	1,951	Subsidiary (Note 1)

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 3)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2018 (Note 3)	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018 (Note 3)	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
Addcn Technology (SHENZHEN)	System application management, maintenance and customer service	654,661 (USD20,200 thousand)	(1)	654,661 (USD20,200 thousand)	-	-	654,661 (USD20,200 thousand)	10,913	100.00%	10,913	608,351	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
654,661 (USD20,200 thousand)	654,661 (USD20,200 thousand)	1,021,424

Note 1: Re-investment company in mainland China established through investments of a third district.

Note 2: Recognized according to the Accountant audit financial report of the company invested into.

Note 3: The amounts of accumulated outflow of investment from Taiwan were translated into New Taiwan dollars on the original outflow day.

Note 4: The upper limit on investment was calculated in accordance with the regulations of the Investment Commission of the Ministry of Economic Affairs for 60% of the net equity or consolidated net equity.

(iii) Significant transactions:

Please refer to Note 13(a) " Information on significant transactions" and " Business relationships and significant intercompany transactions" in the consolidated financial statements as of and for the year ended December 31, 2018 for the significant inter-company transactions with the subsidiaries in Mainland China.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2018.

Addcn Technology Co., Ltd.

Statement of cash and cash equivalents

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	December	Amount
Petty cash		$ 50
Cash in bank		
Check deposits and demand	Cathay United Bank	472,967
	Others (individual accounts with less than 5% of the total amount)	8,719
	Subtotal	481,686
		$ 481,736

Statement of Notes and Accounts Receivable

Client name	Description	Amount
Company A	Sales	$ 66,779
Company B	〃	22,381
Company C	〃	14,734
Others (individual accounts with less than 5% of the total amount)	〃	23,763
Subtotal		127,657
Less: Allowance for doubtful		(11,804)
Total		**$ 115,853**

Addcn Technology Co., Ltd.

Statement of inventories

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable Value
Merchandise	$ 13,116	15,156
Less: Allowance for inventory impairment	(3,400)	
Total	$ 9,716	

Addcn Technology Co., Ltd.

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income - Non-current

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated impairment	Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair Value			
Debt investments at Fair Value through Other Comprehensive Income											
UPAMC China High Yield Bond Fund	200	$ 1,906	-	-	-	-	200	1,740	-	None	
Amundi Funds II-Emerging Markets Bond U USD D ExD	6,632	9,656	-	-	-	-	6,632	8,723	-	None	
UPAMC Dyna-Strategy Global Multi-Asset Fund B TWD	500	4,915	-	-	-	-	500	3,695	-	None	
Standard Chartered's Subordinated Corporate Bond	350	9,976	-	-	(350)	(10,917)	-	-	-	None	
Citigroup Global Market Inc. Corporate Bond	85	38,499	-	-	-	-	85	37,859	-	None	
Formosa Group Corporate Bond	6	18,311	-	-	-	-	6	18,334	-	None	
Subtotal		83,263		-		(10,917)		70,351	-		
Equity investments at Fair Value through Other Comprehensive Income											
Bridge Roots Capital	2,000	20,000	-	-	-	-	2,000	23,663	N/A	None	
Cherri Tech Inc.	100	5,000	-	-	-	-	100	8,538	N/A	None	
Jacker cleaning Inc.	266	11,948	77 (Note)	-	-	-	343	13,123	N/A	None	
Newretail Co., Ltd.	9,572	135,731	-	-	-	-	9,572	58,197	N/A	None	
Subtotal		172,679		-		-		103,521			
Total		$ 255,942		-		(10,917)		173,872			

Note: Jacker Cleaning Inc. transferred capital surplus to capital in December, 2018.

Addcn Technology Co., Ltd.

Statement of changes in investments accounted for using the equity method

December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Investment income/(loss) recognized under equity method, net	Exchante differences on translation	Others	Ending Balance			Market Value or Net Assets Value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	Percentage of ownership	Amount	Unit price	Total amount	
Addcn Technology (Samoa) Co., Ltd.	27,510	$ 680,168	2,250	67,072	-	-	12,846	(11,497)	(2,936) (Note 1)	29,760	100 %	745,653	-	745,563	None
Digit Marketing Co., Ltd.	605	12,801	194	1,940	-	5,869	15,005	-	1,948 (Note 2)	799	33.29 %	25,825	-	18,449	None
		$ 692,969		69,012		5,869	27,851	(11,497)	(988)			771,478		764,012	

Note 1: The amount included the share of the investee's other comprehensive income $2,430 and the change of capital surplus ($5,366).

Note 2: The amount included the amount of adjustment due to non-proportional investment in investee's increase in capital ($374), fair value adjustment $1,681 due to loss of control over subsidiary which was considered as sale and repurchase, and the share of change of capital surplus $641.

Addcn Technology Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Internet service revenue	$ 1,012,529
Less: Sales return and allowance	(4,311)
Platform commission revenue	349,431
Less: Sales return and allowance	(4,281)
Product sales revenue	71,438
Less: Sales return and allowance	(6,833)
Total	$ 1,417,973

Statement of operating costs

Item	Amount
Merchandise inventory, beginning of year	$ 23,595
Add: Purchases(net)	36,044
Less: Merchandise inventory, end of year	(13,116)
Transferred to expenses	(35)
Subtotal	46,488
Merchandising cost of goods sold	46,488
Cost of internet platform service	306,769
Gain from price recovery of inventory	(5,700)
Total	$ 347,557

Addcn Technology Co., Ltd.

Statement of administrative expenses

For the year ended December 31, 2018

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses	Total
Salary and Wages	$ 20,898	50,158	52,527	123,583
Advertisement expenses	111,719	891	-	112,610
handling charge	13,271	-	-	13,271
Expected credit loss	11,191	-	-	11,191
Commission expense	59,818	-	-	59,818
Professional service fee	-	7,472	-	7,472
Depreciation expense	-	10,114	954	11,068
Amortization expense	-	9,171	-	9,171
Others (less than 5%)	3,747	43,839	1,381	48,967
Total	**$ 220,644**	**121,645**	**54,862**	**397,151**

Please refer to Note 6(n) for "Statement of Other Current Assets".

Please refer to Note 6(m) for "Statement of Other Current Financial Assets".

Please refer to Note 6(j) for "Statement of Changes in Property, Plant and Equipment".

Please refer to Note 6(j) for " Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment".

Please refer to Note 6(k) for "Statement of Change in Investment Property".

Please refer to Note 6(k) for "Statement of Changes in Accumulated Depreciation of Investment Property".

Please refer to Note 6(o) for "Statement of Other Payables".