

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

REPRESENTATION LETTER

English translation of the representation letter originally issued in Chinese

The companies that are required to be included in the combined financial statements of Kinpo Electronics, Inc. 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 the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kinpo Electronics, Inc. and Subsidiaries do not prepared a separate set of combined financial statements.

Very truly yours,

Kinpo Electronics, Inc.

By

HSU, SHENG-HSIUNG

Chairman

March 28, 2019

Independent Auditors' Report Translated from Chinese

To Kinpo Electronics, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Kinpo Electronics, Inc. (the “Company”) and its subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements including the summary of significant accounting policies (collectively referred to “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2018 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Timing of Revenue Recognition

The Company and its subsidiaries recognized operating revenue in the amount of NTD 132,832,644 thousand in 2018. The main source of revenue was from the production and sales of a variety of consumer electronic products, which were not manufactured until orders were received. As the Company and its subsidiaries had a large number of customers and products were sold to domestic and international markets involving a various commercial terms, the correctness and revenue recognition timing was material to the consolidated financial statements, we therefore considered this key audit matter.

For the revenue recognition, we have conducted audit procedures including but not limited to evaluating and testing the design and operating effectiveness of internal controls with respect to the revenue cycle; selecting representative samples to conduct test of transactions by inspecting transaction record and verifying the key conditions of the orders or agreements to confirm the timing when a performance obligation is satisfied, and conducting cutoff test on transactions recognized within a certain period of time before and after the balance sheet date by reviewing the conditions of transactions and vouching relevant evidence such as the orders and shipping list to confirm that a performance obligation is satisfied.

Allowance for Uncollectible Accounts Assessment

As at December 31, 2018, the net accounts receivable (including due from related party) of the Company and its subsidiaries was NTD 28,741,159 thousand, accounted 29% of the consolidated total assets. The assessment of the allowance for uncollectible accounts in respect of accounts receivable on account is based on the lifetime expected credit loss. The determination of lifetime expected credit loss involves making judgement, analysis and estimation, and the result of which affects the net accounts receivable. Therefore, we considered this a key audit matter.

We have conducted audit procedures including but not limited to confirming whether the Company has taken into consideration the counterparties' credit rating, geographical region and industry sector, utilizing provision matrix to evaluate the allowance for uncollectible accounts, and considered the past collection history to assess the reasonableness of the basis for the allowance; analyzing the appropriateness of the method used for grouping the accounts receivable and verify if counterparties having significantly different credit risk rating were grouped appropriately based on the past collection history, and conducting tests on the provision matrix including evaluating the reasonableness of the calculation of loss ratio among each aging group and vouching the original vouchers to verify the correctness of the basic information. In addition, we conducted analytical procedures on the payment term as well as changes in balance of accounts receivable, identified irregular payment terms and inquired the reason for occurrence of overdue. To assess the possibility of collecting receivables, we tested the subsequent collection for selected samples. We also considered the appropriateness of the disclosure in respect of accounts receivable and relevant risk in Note 5 and Note 6 of the consolidated financial statement.

Business Combination

According to IFRS 10, regardless of the nature of the investment, it is necessary for the investor to re-assess whether or not it controls an investee when deciding whether the investor is the parent company. Since the Group holds less than 50% of the shares of some consolidated entities, whether the Company has substantive control over the consolidated entities would directly affect the consolidated financial statements. Therefore, we consider business combination as one of the key audit matters.

We have conducted audit procedures including but not limited to obtaining the Company's latest organizational chart of the affiliates and reviewing the related changes. In addition, we reviewed the overall shareholding percentage of each consolidated entity and analyzed the composition of the board of directors and management, the holding percentages of the top ten shareholders, the level of ownership dispersion, attendance rate in shareholders' meetings, and the related investment contracts to confirm the appropriateness of the Company's evaluation of the substantive control over its consolidated entities. We also considered the appropriateness of the disclosure in respect of business combination in Notes 4 and 5 of the consolidated financial statement.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NTD 6,800,762 thousand and NTD 5,679,625 thousand, constituting 7% and 6% of consolidated total assets as of December 31, 2018 and 2017, respectively, and total operating revenues of NTD 5,263,919 thousand and NTD 4,150,827 thousand, constituting 4% and 3% of consolidated operating revenues for the years ended December 31, 2018 and 2017, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures accounted for using equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures for using equity method to NTD 3,350,298 thousand and NTD 3,296,385 thousand, representing 3% and 4% of consolidated total assets as of December 31, 2018 and 2017, respectively. The related shares of profits from the associates and joint ventures for using equity method amounted to NTD 280,363 thousand and NTD 103,068 thousand, representing 18% and 11% of the consolidated net income before tax for the years ended December 31, 2018 and 2017, respectively, and the related shares of other comprehensive income from the associates and joint ventures for using equity method amounted to NTD (125,026) thousand and NTD (94,526) thousand, representing 11% and (18)% of the consolidated other comprehensive income for the years ended December 31, 2018 and 2017, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2018 and 2017.

Hsiao, Tsui-Hui

Lin, Su-Wen

Ernst & Young, Taiwan
March 28, 2019

Taipei, Taiwan
Republic of China

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2018 and December 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2018	%	December 31, 2017	%
Current assets					
Cash and cash equivalents	4,6	\$6,522,707	7	\$7,475,163	8
Current financial assets at fair value through profit or loss	4,6	809,094	1	-	-
Current financial assets at fair value through other comprehensive income	4,6	205,588	-	-	-
Current available-for-sale financial assets	4,6	-	-	262,272	-
Current financial assets at amortised cost	4,6	181,950	-	-	-
Current investments in debt instrument without active market	4,6	-	-	202,211	-
Notes receivable, net	4,6	30,389	-	86,048	-
Accounts receivable, net	4,6	28,675,299	29	25,732,509	29
Accounts receivable due from related parties, net	4,6,7	65,860	-	242,037	-
Other receivables	4	1,577,427	2	1,910,991	2
Other receivables due from related parties	4,7	35,719	-	258	-
Current tax assets	4	20,250	-	4,893	-
Current inventories	4,6	23,247,735	23	15,051,086	17
Prepayments		383,808	-	473,278	1
Other current assets	4,6	564,731	1	680,248	1
Total current assets		62,320,557	63	52,120,994	58
Non-current assets					
Non-current financial assets at fair value through other comprehensive income	4,6	3,902,255	4	-	-
Non-current available-for-sale financial assets	4,6	-	-	4,363,451	5
Non-current financial assets at amortised cost	4,6	69,591	-	-	-
Non-current financial assets at cost	4,6	-	-	549,998	1
Non-current investments in debt instrument without active market	4,6	-	-	150,000	-
Investments accounted for using equity method	4,6	3,350,298	3	3,296,385	4
Property, plant and equipment	4,6	24,090,216	25	23,831,631	27
Investment property, net	4,6	201,835	-	187,976	-
Intangible assets	4,6	438,119	-	358,914	-
Deferred tax assets	4,6	2,654,215	3	2,351,332	3
Other non-current assets	6	2,120,784	2	2,128,556	2
Total non-current assets		36,827,313	37	37,218,243	42
Total assets		\$99,147,870	100	\$89,339,237	100

The accompanying notes are an integral part of financial statements.

English translation of consolidated financial statements originally issued in Chinese

KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
December 31, 2018 and December 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2018	%	December 31, 2017	%
Current liabilities					
Current borrowings	4,6	\$24,133,436	25	\$21,379,200	24
Short-term notes and bills payable	6	839,302	1	1,175,071	1
Current financial liabilities at fair value through profit or loss	4,6	560	-	6,872	-
Current contract liabilities	4,6	200,611	-	-	-
Notes payable		10,606	-	3,963	-
Accounts payable		26,511,952	27	21,663,136	24
Accounts payable to related parties	7	120,837	-	54,947	-
Other payables		3,406,287	4	2,684,471	3
Other payables to related parties	7	87,895	-	704	-
Current tax liabilities	4,5	284,829	-	310,768	-
Current provisions	4,6	32,676	-	30,911	-
Long-term liabilities, current portion	4,6	1,187,774	1	476,436	1
Other current liabilities, others		385,262	-	502,249	1
Total current liabilities		57,202,027	58	48,288,728	54
Non-current liabilities					
Non-current portion of non-current borrowings	4,6	12,003,169	12	10,284,859	12
Deferred tax liabilities	4,6	2,222,345	2	1,805,903	2
Net defined benefit liability, non-current	4	734,410	1	771,443	1
Other non-current liabilities, others		417,059	-	418,426	-
Total non-current liabilities		15,376,983	15	13,280,631	15
Total liabilities		72,579,010	73	61,569,359	69
Equity attributable to owners of parent					
Share capital	4,6				
Ordinary share		14,533,042	15	14,556,572	16
Capital surplus	6	652,701	1	668,917	1
Retained earnings	6				
Legal reserve		289,814	-	251,551	-
Special reserve		255,058	-	255,058	-
Unappropriated retained earnings		2,044,905	2	1,741,483	2
Total retained earnings		2,589,777	2	2,248,092	2
Total other equity interest		(565,160)	(1)	533,051	1
Treasury shares	4,6	(1,504,096)	(1)	(1,114,185)	(1)
Total equity attributable to owners of parent		15,706,264	16	16,892,447	19
Non-controlling interests	6	10,862,596	11	10,877,431	12
Total equity		26,568,860	27	27,769,878	31
Total liabilities and equity		\$99,147,870	100	\$89,339,237	100

The accompanying notes are an integral part of financial statements.

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	For the years ended			
		December 31, 2018	%	December 31, 2017	%
Operating revenue	4,6,7	\$132,832,644	100	\$119,204,764	100
Operating costs	6,7	(124,274,393)	(94)	(111,767,255)	(94)
Gross profit from operations		8,558,251	6	7,437,509	6
Operating expenses	6,7				
Selling expenses		(1,154,849)	(1)	(1,143,195)	(1)
Administrative expenses		(2,700,271)	(2)	(2,418,015)	(2)
Research and development expenses		(2,914,660)	(2)	(2,646,432)	(2)
Impairment loss determined in accordance with IFRS 9		(8,790)	-	-	-
Total operating expenses		(6,778,570)	(5)	(6,207,642)	(5)
Net operating income		1,779,681	1	1,229,867	1
Non-operating income and expenses	6,7				
Other income		387,585	-	722,940	1
Other gains and losses, net		217,075	-	(355,797)	-
Finance costs, net		(1,147,287)	-	(778,172)	(1)
Share of profit (loss) of associates and joint ventures accounted for using equity method, net		280,363	-	103,068	-
Total non-operating income and expenses		(262,264)	-	(307,961)	-
Profit before tax		1,517,417	1	921,906	1
Total tax expense	4,6	(531,670)	-	(235,629)	-
Profit		985,747	1	686,277	1
Other comprehensive income	6				
Components of other comprehensive income that will not be reclassified to profit or loss:					
Gains (losses) on remeasurements of defined benefit plans		87,866	-	(34,817)	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(947,310)	(1)	-	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(108,277)	-	(2,278)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		50,952	-	4,717	-
Components of other comprehensive income that will be reclassified to profit or loss:					
Exchange differences on translation		(228,793)	-	266,323	-
Unrealised gains (losses) on valuation of available-for-sale financial assets		-	-	384,640	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(16,749)	-	(92,248)	-
Other components of other comprehensive income that will be reclassified to profit or loss		(772)	-	(281)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		37,537	-	430	-
Total other comprehensive income		(1,125,546)	(1)	526,486	-
Total comprehensive income		\$(139,799)	-	\$1,212,763	1
Profit, attributable to:					
Profit, attributable to owners of parent		\$550,382	1	\$382,629	1
Profit, attributable to non-controlling interests		435,365	-	303,648	-
Total		\$985,747	1	\$686,277	1
Comprehensive income attributable to:					
Comprehensive income, attributable to owners of parent		\$(312,488)	-	\$762,753	1
Comprehensive income, attributable to non-controlling interests		172,689	-	450,010	-
Total		\$(139,799)	-	\$1,212,763	1
Earnings per share	6				
Basic earnings per share		\$0.41		\$0.28	

The accompanying notes are an integral part of financial statements.

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the year ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Summary	Equity attributable to owners of parent											Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings			Other equity interest				Treasury shares	Total equity attributable to owners of parent		
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gain (loss) on available-for-sale financial assets	Others				
Balance on January 1, 2017	\$14,556,572	\$600,097	\$133,902	\$255,058	\$1,932,699	\$(705,155)	\$-	\$844,879	\$(20,791)	\$(1,280,591)	\$16,316,670	\$10,699,659	\$27,016,329
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	117,649	-	(117,649)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(430,369)	-	-	-	-	-	(430,369)	-	(430,369)
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	-	(5,534)	-	-	-	-	-	-	-	-	(5,534)	-	(5,534)
Profit for the year ended December 31, 2017	-	-	-	-	382,629	-	-	-	-	-	382,629	303,648	686,277
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	(25,827)	(35,220)	-	441,276	(105)	-	380,124	146,362	526,486
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	356,802	(35,220)	-	441,276	(105)	-	762,753	450,010	1,212,763
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	18,883	-	-	-	-	-	-	-	-	18,883	-	18,883
Changes in ownership interests in subsidiaries	-	(15,511)	-	-	-	-	-	-	-	-	(15,511)	33,751	18,240
Share-based payments	-	70,705	-	-	-	-	-	-	-	166,406	237,111	12,956	250,067
Others	-	277	-	-	-	-	-	-	8,167	-	8,444	(318,945)	(310,501)
Balance on December 31, 2017	\$14,556,572	\$668,917	\$251,551	\$255,058	\$1,741,483	\$(740,375)	\$-	\$1,286,155	\$(12,729)	\$(1,114,185)	\$16,892,447	\$10,877,431	\$27,769,878
Balance on January 1, 2018	\$14,556,572	\$668,917	\$251,551	\$255,058	\$1,741,483	\$(740,375)	\$-	\$1,286,155	\$(12,729)	\$(1,114,185)	\$16,892,447	\$10,877,431	\$27,769,878
Effects of retrospective application and retrospective restatement	-	-	-	-	27,005	-	1,238,027	(1,286,155)	-	-	(21,123)	(28,709)	(49,832)
Equity balance on January 1, 2018 after adjustments	14,556,572	668,917	251,551	255,058	1,768,488	(740,375)	1,238,027	-	(12,729)	(1,114,185)	16,871,324	10,848,722	27,720,046
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	38,263	-	(38,263)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(435,625)	-	-	-	-	-	(435,625)	-	(435,625)
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	-	(4,836)	-	-	-	-	-	-	-	-	(4,836)	-	(4,836)
Profit for the year ended December 31, 2018	-	-	-	-	550,382	-	-	-	-	-	550,382	435,365	985,747
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	62,324	(33,614)	(891,291)	-	(289)	-	(862,870)	(262,676)	(1,125,546)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	612,706	(33,614)	(891,291)	-	(289)	-	(312,488)	172,689	(139,799)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(412,597)	(412,597)	-	(412,597)
Retirement of treasury share	(23,530)	844	-	-	-	-	-	-	-	22,686	-	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	19,418	-	-	-	-	-	-	-	-	19,418	-	19,418
Changes in ownership interests in subsidiaries	-	(38,560)	-	-	-	-	-	-	-	-	(38,560)	34,461	(4,099)
Share-based payments	-	6,683	-	-	-	-	-	-	-	-	6,683	3,481	10,164
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	137,599	-	(137,599)	-	-	-	-	-	-
Others	-	235	-	-	-	-	-	-	12,710	-	12,945	(196,757)	(183,812)
Balance on December 31, 2018	\$14,533,042	\$652,701	\$289,814	\$255,058	\$2,044,905	\$(773,989)	\$209,137	\$-	\$(308)	\$(1,504,096)	\$15,706,264	\$10,862,596	\$26,568,860

The accompanying notes are an integral part of financial statements.

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Item	For the year period ended	
	December 31, 2018	December 31, 2017
Cash flows from (used in) operating activities:		
Profit before tax	\$1,517,417	\$921,906
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	3,055,406	2,790,942
Amortization expense	99,425	84,181
Expected credit loss	8,790	-
Net gain on financial assets or liabilities at fair value through profit or loss	(7,197)	(51,812)
Interest expense	907,054	616,485
Interest income	(67,785)	(54,933)
Dividend income	(199,523)	(196,813)
Share-based payments	7,229	92,016
Share of profit of associates and joint ventures accounted for using equity method	(280,363)	(103,068)
Gain on disposal of property, plant and equipment	(12,739)	7,796
Gain on disposal of investments	-	(12,004)
Impairment loss on financial assets	-	511
Impairment loss on non-financial assets	-	23,153
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	(796,869)	-
Decrease (increase) in notes receivable	55,659	(63,088)
Decrease (increase) in accounts receivable	(2,954,636)	(2,731,600)
Decrease (increase) in accounts receivable due from related parties	176,177	30,733
Decrease (increase) in other receivable	296,346	(858,053)
Decrease (increase) in other receivable due from related parties	(35,461)	(249)
Decrease (increase) in inventories	(8,196,649)	(244,283)
Decrease (increase) in prepayments	89,470	26,220
Decrease (increase) in other current assets	99,244	231,120
Decrease (increase) in other financial assets	-	(11)
Increase (decrease) in contract liabilities	121,581	-
Increase (decrease) in notes payable	6,643	(7,625)
Increase (decrease) in accounts payable	4,848,816	(812,297)
Increase (decrease) in accounts payable to related parties	65,890	(49,104)
Increase (decrease) in other payable	561,175	(781,048)
Increase (decrease) in other payable to related parties	87,191	178
Increase (decrease) in provisions	1,765	(32,659)
Increase (decrease) in other financial liabilities	2,362	-
Increase (decrease) in other current liabilities	(40,319)	(205,772)
Increase (decrease) in net defined benefit liability	50,833	27,420
Cash inflow (outflow) generated from operations:	(533,068)	(1,351,758)
Interest received	68,054	44,263
Interest paid	(874,980)	(627,365)
Income taxes paid	(323,477)	(268,845)
Net cash flows from (used in) operating activities	(1,663,471)	(2,203,705)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(172,370)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	268,572	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	676	-
Proceeds from repayments of financial assets at amortised cost	150,000	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	2,833
Proceeds from disposal of available-for-sale financial assets	-	127,836
Acquisition of investments in debt instrument without active market	-	(14,857)
Proceeds from repayments of investments in debt instrument without active market	-	150,000
Acquisition of financial assets at cost	-	(69,226)
Proceeds from capital reduction of financial assets at cost	-	5,312
Acquisition of investments accounted for using equity method	(15,840)	(38,305)
Increase in prepayments for investments	(100,000)	(10,000)
Net cash flow from acquisition of subsidiaries	(17,848)	-
Acquisition of property, plant and equipment	(2,781,302)	(3,214,257)
Proceeds from disposal of property, plant and equipment	58,753	454,678
Acquisition of intangible assets	(166,243)	(147,916)
Acquisition of investment properties	(2,559)	(70,976)
Increase in other financial assets	(32,110)	-
Decrease in other financial assets	-	20,274
Increase in other non-current assets	-	(351,647)
Decrease in other non-current assets	117,382	-
Increase in prepayments for business facilities	(226,116)	(153,015)
Dividends received	334,875	430,198
Net cash flows from (used in) investing activities	(2,584,130)	(2,879,068)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,532,576	9,704,974
Decrease in short-term loans	(377,413)	(2,766,123)
Decrease in short-term notes and bills payable	(336,000)	(625,500)
Proceeds from long-term debt	10,615,275	15,612,440
Repayments of long-term debt	(8,313,351)	(15,213,413)
Increase in other non-current liabilities	14,351	-
Decrease in other non-current liabilities	-	(7,479)
Cash dividends paid	(416,207)	(411,486)
Exercise of employee share options	-	7,675
Payments to acquire treasury shares	(412,597)	-
Treasury shares sold to employees	-	165,908
Change in non-controlling interests	(208,827)	(316,303)
Other financing activities	(11,055)	-
Net cash flows from (used in) financing activities	3,086,752	6,150,693
Effect of exchange rate changes on cash and cash equivalents	208,393	(33,812)
Net increase (decrease) in cash and cash equivalents	(952,456)	1,034,108
Cash and cash equivalents at the beginning of period	7,475,163	6,441,055
Cash and cash equivalents at the end of period	\$6,522,707	\$7,475,163

The accompanying notes are an integral part of financial statements.

English translation of consolidated financial statements originally issued in Chinese
KINPO ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2018 and 2017
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. History and organization

Kinpo Electronics, Inc. (the “Company”), was established on April 24, 1973 under the Company Act of the Republic of China (“ROC”). On November 7, 1989, the Company’s shares were listed on the Taiwan Stock Exchange. The Company primarily engages in trading consumer electronic products, computer and peripheral computer equipment, network communication equipment and image products. The Company’s registered address and main operating site are located at 10F., No.99, Nanjing E. Rd., Sec. 5, Songshan Dist., Taipei City and No.147, Beishen Rd., Sec. 3, Shengkeng Dist., New Taipei City, respectively.

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

The consolidated financial statements of Kinpo Electronics, Inc. and its subsidiaries (the Group) for the years ended December 31, 2018 and 2017 were authorized for issue by the Board of Directors on March 28, 2019.

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2018. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

A. *IFRS 15 “Revenue from Contracts with Customers” (including Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”)*

IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations. In accordance with the transition provision in IFRS 15, the Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (January 1, 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

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

- a. Please refer to Note 4 for the accounting policies before or after January 1, 2018.
- b. Before January 1, 2018, revenue from sale of goods was recognized when goods have been delivered to the buyer. Starting from January 1, 2018, in accordance with IFRS 15, the Group recognized revenue when (or as) the Group satisfies a performance obligation by transferring a promised good to a customer. IFRS 15 has no material impact on the Group's revenue recognition from sale of goods. However, for some contracts, the Group is obligated to transfer the goods to customers because partial consideration is received prior to transferring goods. The Group recognized the consideration received in advance from customers as payment received in advance under other current liabilities. Starting from the date of initial application, in accordance with IFRS 15, it shall be recognized as contract liabilities. The amount reclassified from other current liabilities to contracts liabilities of the Group as of the date of initial application was \$79,030 thousand. Besides, compared with for the application of IAS 18, the amount of other current liabilities was decreased \$200,611 thousand and the amount of contract liabilities was increased \$200,611 thousand as of December 31, 2018, respectively.
- c. Revenue from services is currently recognized based on the percentage of completion. Starting from January 1, 2018, in accordance with IFRS 15, the Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised service to a customer and also based on the percentage of completion. IFRS 15 has no material impact on the Group's revenue recognition from rendering of services.
- d. In order to maintain the consistency of the accounting policy within the Group, the Group evaluated that there were no material impact on its investments accounted for using equity method for the first-time adoption of IFRS 15.
- e. Please refer to Note 4, Note 5 and Note 6 for additional disclosure note required by IFRS 15.

B. IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. In accordance with the transition provision in IFRS 9, the Group elected not to restate prior periods at the date of initial application (January 1, 2018). The adoption of IFRS 9 has the following impacts on the Group:

- a. The Group adopted IFRS 9 since January 1, 2018 and it adopted IAS 39 before January 1, 2018. Please refer to Note 4 for more details on accounting policies.
- b. In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories were based on the facts and circumstances that existed as of January 1, 2018. The classifications of financial assets and its carrying amounts as of January 1, 2018 were as follows:

IAS 39		IFRS 9	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
Fair value through other comprehensive income		Fair value through other comprehensive income	\$5,121,563
Available-for-sale financial assets (including \$549,998 thousand measured at cost)	\$5,175,721		
At amortized cost		At amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, financial assets at amortized cost and other receivables)	35,815,490
Loans and receivables (including cash and cash equivalents, notes receivable, accounts receivable, investments in debt instrument without active market, other receivables and other current assets)	35,815,490		
Total	<u>\$40,991,211</u>	Total	<u>\$40,937,053</u>

c. The transition adjustments from IAS 39 to IFRS 9 for the classifications of financial assets and financial liabilities as of January 1, 2018 were as follows:

IAS 39		IFRS 9		Non-				
	Carrying		Carrying		Deferred tax	Retained	Other equity	controlling
Class of financial instruments	amounts	Class of financial instruments	amounts	Difference	assets	earnings	interest	interests
					adjustment	adjustment	adjustment	adjustment
Available-for-sale financial assets (including investments measured at cost with initial investment cost of \$549,998 thousand, reported as a separate line item) (Note 1)	\$5,175,721	Fair value through other comprehensive income - equity instruments	\$5,121,563	\$(54,158)	\$4,326	\$27,005	\$(48,128)	\$(28,709)
Subtotal	5,175,721							
Loans and receivables (Note 2)								
Cash and cash equivalents	7,475,163	Cash and cash equivalents	7,475,163					
Investments in debt instrument without active market	352,211	Financial assets at amortized costs	352,211					
Notes receivable	86,048	Notes receivable	86,048					
Accounts receivable (including related parties)	25,974,546	Accounts receivable (including related parties)	25,974,546					
Other receivables (including related parties)	1,911,249	Other receivables (including related parties)	1,911,249					
Other current assets	16,273	Other current assets	16,273					
Subtotal	35,815,490		35,815,490					
Total	\$40,991,211	Total	\$40,937,053		\$4,326	\$27,005	\$(48,128)	\$(28,709)

Notes 1: In accordance with of IAS 39, the Group's available-for-sale financial assets included investments in stocks of listed and unlisted companies. Adjustment details were described as follows:

(a) Stocks (including listed and unlisted companies)

The Group assessed the facts and circumstances existed as of January 1, 2018, and determined these stocks were not held-for-trading; therefore, the Group elected to designate them as financial assets measured at fair value through other comprehensive income. As of January 1, 2018, the Group reclassified available-for-sale financial assets (including measured at cost) to financial assets measured at fair value through other comprehensive income of \$5,175,721 thousand. Other related adjustments were described as follows:

- i. The stocks of unlisted companies previously measured at cost amounted to \$549,998 thousand in accordance with IAS 39, which had an original cost of \$585,669 thousand, and \$35,671 thousand of which was impaired. However, in accordance with IFRS 9, stocks of unlisted companies must be measured at fair value but are not required to be assessed for impairment. The Group measured the fair value of the stocks of unlisted companies was \$495,840 thousand as of January 1, 2018. The Group adjusted the carrying amount of financial assets measured at fair value through other comprehensive income in the amount of \$495,840 thousand and also increased the deferred tax asset in consideration of the tax effect by \$4,326 thousand, retained earnings by \$23,183 thousand and decreased other equity interest by \$44,306 thousand, non-controlling interest by \$28,709 thousand.
- ii. The equity instruments previously classified as available-for-sale financial assets measured at fair value in accordance with IAS 39 was fully impaired. However, in accordance with IFRS 9, equity instruments are not required to be assessed for impairment. The Group reclassified \$3,822 thousand of the impairment recognized in retained earnings as other equity as of January 1, 2018.
- iii. The stocks of listed and unlisted companies are currently measured at fair value of \$4,625,723 thousand. As of the date of initial application (January 1, 2018), except for the reclassification to financial assets measured at fair value through other comprehensive income and other equity accounts, no other difference will incur.

Notes 2: In accordance with IAS 39, the cash flow characteristics for loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that existed as of January 1, 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no adjustment arising from the assessment of impairment losses for the aforementioned assets as of January 1, 2018. Therefore, there was no impact on the carrying amount as of January 1, 2018. As of January 1, 2018, investment in debt instrument without active market of \$352,211 thousand were reclassified to financial assets at amortized cost.

- d. In order to maintain the consistency of the accounting policy within the Group, the Group evaluated that there were be no material impact on its investments accounted for using equity method for the first-time adoption of IFRS 9.
- e. Please refer to Note 4, Note 5, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

C. IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

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

The Group originally recorded their foreign currency sales transactions based on the exchange rate on the date of revenue recognition and converted into its functional currency. The exchange difference was recognized when the foreign currency advance payment was written off. The Group elected to apply this interpretation prospectively on January 1, 2018. This change in accounting principle did not significantly impact the Group's recognition and measurement.

D. Disclosure Initiative — Amendment to IAS 7 “Statement of Cash Flows”:

The Group provided a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Please refer to Note 12 for more details.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 16 “Leases”	January 1, 2019
B	IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019
C	IAS 28 “Investment in Associates and Joint Ventures” — Amendments to IAS 28	January 1, 2019
D	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
E	Improvements to International Financial Reporting Standards (2015-2017 cycle)	January 1, 2019
F	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	January 1, 2019

A. *IFRS 16 “Leases”*

The new standard requires lessees to account for all leases under one single accounting model (except for short-term or low-value asset lease exemptions), which is for lessees to recognize right-of-use assets and lease liabilities on the balance sheet and the depreciation expense and interest expense associated with those leases in the consolidated statements of comprehensive income. Besides, lessors’ classification remains unchanged as operating or finance leases, but additional disclosure information is required.

B. *IFRIC 23 “Uncertainty Over Income Tax Treatments”*

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments.

C. *IAS 28 “Investment in Associates and Joint Ventures” — Amendments to IAS 28*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28.

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

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

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

IFRS 3 “Business Combinations”

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 “Joint Arrangements”

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 “Income Taxes”

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

IAS 23 “Borrowing Costs”

The amendments clarify that an entity should treat as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale.

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

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2019. Apart from item A. explained below, the remaining standards and interpretations have no material impact on the Group.

A. *IFRS 16 “Leases”*

IFRS 16 “Leases” replaces 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”. The impact arising from the adoption of IFRS 16 on the Group are summarized as follows:

- a. For the definition of a lease, the Group elects not to reassess whether a contract is, or contains, a lease at the date of initial application (January 1, 2019) in accordance with the transition provision in IFRS 16. Instead, the Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at January 1, 2019.

Leases classified as operating leases

For leases that were classified as operating leases applying IAS 17, the Group expects to measure and recognize those leases as lease liability on January 1, 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019 and; the Group chooses, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (a) its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate on January 1, 2019; or
- (b) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before January 1, 2019.

The Group expects the right-of-use asset will increase by \$371,948 thousand and the lease liability will increase by \$371,948 thousand on January 1, 2019. In addition, required by IFRS 16, the Group expects to reclassify the land use right under long-term lease prepayments in the amount of \$1,439,893 thousand to right-of-use asset on January 1, 2019.

- b. In order to maintain the consistency of the accounting policy within the Group, the Group evaluated that except for the increase of right-of-use asset and the lease liability from investment using equity method, there will be no material impact on its retained earnings as of January 1, 2019 for the first-time adoption of IFRS 16.
 - c. The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.
- (3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 “Insurance Contracts”	January 1, 2021
C	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
D	Definition of Material (Amendments to IAS 1 and 8)	January 1, 2020

A. *IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

B. *IFRS 17 “Insurance Contracts”*

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

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

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides:

- a. a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and
- b. a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

C. Definition of a Business (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

D. Definition of a Material (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2018 and 2017 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC” which are endorsed by the FSC.

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statement

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

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

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

- A. the contractual arrangement with the other vote holders of the investee
- B. rights arising from other contractual arrangements
- C. the Group’s voting rights and potential voting rights

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

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

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

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

If the Company loses control of a subsidiary, it:

- A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- B. derecognizes the carrying amount of any non-controlling interest;
- C. recognizes the fair value of the consideration received;
- D. recognizes the fair value of any investment retained;
- E. recognizes any surplus or deficit in profit or loss; and
- F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2018	December 31, 2017
The Company	Kinpo International (Singapore) Pte. Ltd.	Reinvestment on domestic and overseas business	100.00%	100.00%
The Company	Kinpo International Ltd.	Holding Company	100.00%	100.00%
The Company	Forward International Ltd.	Reinvestment on domestic and overseas business; purchases and sales of marketable securities; manufacturing and sales of calculators	100.00%	100.00%
The Company	Jipo Investment Co., Ltd.	General investment	100.00%	100.00%
The Company	Cal-Comp Biotech Co., Ltd.	Cultivation and retail of agricultural products	100.00%	100.00%
The Company	Lipo Holding Co., Ltd.	Holding Company	51.00%	51.00%
The Company	Crownpo Technology Inc.	Manufacturing and sales of chip diodes, etc.	51.61%	51.61%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31,	December 31,
			2018	2017
The Company	XYZprinting, Inc. (Note 1)	Trading 3D printer	46.40%	46.40%
The Company	Cal-Comp Electronics (Thailand) Public Company Limited (Note 2)	Manufacturing of computers and peripheral devices, telecommunication products and automatic equipment	40.39%	40.39%
The Company	CastleNet Technology Inc. (Note 3)	Development, manufacturing and sales of products including cable modem, powerline communication and digital home applications	31.89%	31.89%
The Company	Cal-Comp Big Data, Inc.	Medical equipment, data processing and provision service	50.00%	50.00%
The Company	New Era AI Robotic Limited (Note 4)	Holding Company	50.00%	50.00%
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited (Note 2)	Manufacturing of computers and peripheral devices, telecommunication products and automatic equipment	6.60%	6.60%
Kinpo International (Singapore) Pte. Ltd.	Kinpo Electronics (Philippines), Inc. (Note 7)	Manufacturing and sales products of other companies' electronic products	-	100.00%
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Technology (Philippines), Inc. (Note 6)	Manufacturing	80.81%	-
Cal-Comp Technology (Philippines), Inc.	Kinpo Electronics (Philippines), Inc. (Note 7)	Manufacturing and sales products of other companies' electronic products	100.00%	-
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Manufacturing and sales products of other companies' electronic products	100.00%	100.00%
Kinpo International Ltd.	Dongguan Kaipo Electronics Co., Ltd.	Manufacturing and sales products of other companies' products	100.00%	100.00%
Lipo Holding Co., Ltd.	LIZ Electronics (Kunshan) Co., Ltd.	Production and marketing chip resistor & chip diodes	88.13%	88.13%
Lipo Holding Co., Ltd.	LIZ Electronics (Nantong) Co., Ltd.	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, importing and exporting electronic components, semiconductors special materials and spare parts	15.00%	16.60%
LIZ Electronics (Kunshan) Co., Ltd.	LIZ Electronics (Nantong) Co., Ltd.	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, importing and exporting electronic components, semiconductors special materials and spare parts	85.00%	83.40%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31,	December 31,
			2018	2017
Crownpo Technology Inc.	Ranashe International Ltd.	Holding Company	100.00%	100.00%
Crownpo Technology Inc.	Tien-Cheng Advanced Materials Co., Ltd. (Note 11)	Manufacture of various chemical materials	54.69%	-
Ranashe International Ltd.	LIZ Electronics (Kunshan) Co., Ltd.	Production and marketing chip resistor & chip diodes	11.87%	11.87%
XYZprinting, Inc.	XYZprinting, Inc. (SAMOA)	Holding Company	100.00%	100.00%
XYZprinting, Inc.	XYZprinting, Inc. (USA)	Trading 3D printer	100.00%	100.00%
XYZprinting, Inc.	XYZprinting Japan, Inc.	Trading 3D printer	100.00%	100.00%
XYZprinting, Inc.	XYZprinting Netherlands, B.V.	Trading 3D printer	100.00%	100.00%
XYZprinting, Inc.	XYZprinting (Thailand) Co., Ltd.	Trading 3D printer	100.00%	100.00%
XYZprinting, Inc.	XYZlife (Philippines) Inc. (Note 9)	Sales of medical beauty goods	100.00%	-
XYZprinting, Inc. (SAMOA)	XYZprinting (Suzhou) Co., Ltd.	Trading 3D printer	100.00%	100.00%
XYZprinting, Inc. (SAMOA)	XYZprinting (Shanghai) Cloud Technology Co., Ltd.	Internet technology development	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc. (Note 1)	Trading 3D printer	46.40%	46.40%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Suzhou) Co., Ltd.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Dealer	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal Comp (Malaysia) SDN. BHD.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communications Co., Ltd.	Purchase of raw material, research and development	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2018	December 31, 2017
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Singapore) Limited	Manufacturing and distribution	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	Plastic Molding	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Philippines), Inc. (Note 6)	Manufacturing	19.19%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics de Mexico Co., S.A. de C.V.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Holding (Brasil) S.A.	Holding Company	99.99%	99.99%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Electronicos e Informatica Ltda.	Manufacturing	0.82%	0.82%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Big Data Inc.	Medical equipment, data processing and provision service	50.00%	50.00%
Cal-Comp Electronics (Thailand) Public Company Limited	QBit Semiconductor Holding Ltd.	Holding Company	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp (India) Private Limited (Note 13)	Operating and designing electronic products	100.00%	100.00%
Cal-Comp Electronics (Thailand) Public Company Limited	New Era AI Robotic Limited (Note 4)	Holding Company	50.00%	50.00%
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Automation and Industrial 4.0 Service (Thailand) Co., Ltd. (Note 10)	Auto-manage producing system development	100.00%	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	ICKP (Beijing) Technology Development Co., Ltd. (Note 12)	Developing 3D printers and AI equipments	80.00%	-

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			December 31, 2018	December 31, 2017
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	Manufacturing	100.00%	100.00%
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (Indiana), Inc.	Manufacturing	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Avaplas Precision Plastics (Shanghai) Co., Ltd. (Note 8)	Plastic Molding	-	100.00%
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Malaysia) SDN. BHD.	Plastic Molding	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Wujiang) Co., Ltd.	Plastic Molding	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Dongguan) Limited	Plastic Molding	100.00%	100.00%
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Philippines), Inc.	Plastic Molding	100.00%	100.00%
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria de Semicondutores S.A.	Manufacturing	58.03%	58.03%
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria e Comercio de Electronicos e Informatica Ltda.	Manufacturing	99.18%	99.18%
QBit Semiconductor Holding Ltd.	QBit Semiconductor Ltd.	Design semiconductors	100.00%	100.00%
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	Holding Company	100.00%	100.00%
CastleNet Technology (BVI) Inc.	CastleNet Technology Inc.	Design and manufacture of modem, sale of self-production	100.00%	100.00%
Cal-Comp Big Data, Inc.	Cal-Comp Big Data International Ltd.	Reinvestment on domestic and overseas business	100.00%	100.00%
New Era AI Robotic Limited	New Era AI Robotic Inc. (Note 5)	Trading robot and applications development	100.00%	100.00%

Note 1: The Company determined that it has control over XYZprinting, Inc. due to the Company and its subsidiary Cal-Comp Electronics (Thailand) Public Company Limited have obtained over 50% of ownership interests. The company included it in the consolidated financial statements.

Note 2: Although the ownership interests in Cal-Comp Electronics (Thailand) Public Company Limited is less than 50%, the Company determined that it has control over Cal-Comp Electronics (Thailand) Public Company Limited. This is due to the fact that the Company has obtained control over half of the board of Cal-Comp Electronics (Thailand) Public Company Limited and the remaining ownership is dispersed. The Company could obtain proxies to achieve relative majority in the absence of a contractual arrangement. The Company is able to appoint or approve the key management personnel of Cal-Comp Electronics (Thailand) Public Company Limited who are capable of directing the related activities. The Company therefore incorporated Cal-Comp Electronics (Thailand) Public Company Limited and its subsidiaries into the consolidated financial statements.

- Note 3: Although the ownership interests in CastleNet Technology Inc. is less than 50%, the Company determined that it has control over CastleNet Technology Inc. This is due to the fact that the Company has obtained control over half of the board of CastleNet Technology Inc. and the remaining ownership is dispersed. The Company could obtain proxies to achieve relative majority in the absence of a contractual arrangement. The Company is able to appoint or approve the key management personnel of CastleNet Technology Inc. who are capable of directing the related activities. The Company therefore incorporated CastleNet Technology Inc. and its subsidiaries into the consolidated financial statements.
- Note 4: The Company and its subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, set up a joint venture New Era AI Robotic Limited, and each acquired 50% shares of the joint venture. New Era AI Robotic Limited completed its establishment registration in the third quarter of 2017. The Company was incorporated into the consolidated financial statements since then.
- Note 5: New Era AI Robotic Limited invested to set up New Era AI Robotic Inc. in the third quarter of 2017 and included it in the consolidated financial statements since then.
- Note 6: To work in line with the Group's long-term development, the Group adjusted its investment structure. Kinpo International (Singapore) Pte. Ltd., had obtained 80.81% shares of Cal-Comp Technology (Philippines), Inc., a formally wholly-owned subsidiary of Cal-Comp Electronics (Thailand) Public Company Limited, in the first quarter of 2018. The percentage owned by Cal-Comp Electronics (Thailand) Public Company Limited decreased to 19.19% after the adjustment.
- Note 7: To work in line with the Group's long-term development, the Group adjusted its investment structure. Kinpo Electronics (Philippines), Inc., a formally wholly-owned subsidiary of Kinpo International (Singapore) Pte. Ltd., had been directly invested by Cal-Comp Technology (Philippines), Inc. in the first quarter of 2018.
- Note 8: Avaplas Precision Plastics (Shanghai) Co., Ltd. completed the cancellation of registration in the first quarter of 2018.
- Note 9: XYZLife (Philippines) Inc. was set up in 2016, but did not engage in any substantial operational activities until the second quarter of 2018. Therefore, the Group included it in the consolidated financial statements since the second quarter of 2018.
- Note 10: Cal-Comp Electronics (Thailand) Public Company Limited invested to set up Cal-Comp Automation and Industrial 4.0 Service (Thailand) Co., Ltd. in the third quarter of 2018 and included it in the consolidated financial statements since then.
- Note 11: Crownpo Technology Inc. obtained control of Tien-Cheng Advanced Materials Co., Ltd. in the fourth quarter of 2018 and included it in the consolidated financial statements since then.
- Note 12: Cal-Comp Optical Electronics (Suzhou) Co., Ltd. invested to set up ICKP (Beijing) Technology Development Co., Ltd. in the fourth quarter of 2018 and included it in the consolidated financial statements since then.
- Note 13: The board of directors of Cal-Comp Electronics (Thailand) Public Company Limited resolved to approve the closing down of Cal-Comp (India) Private Limited, its subsidiary in India, in a meeting the Company held in the fourth quarter of 2018.

(4) Foreign currencies

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

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

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

- A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- B. Foreign currency items within the scope of *IFRS 9 Financial Instruments* (Before January 1, 2018: *IAS 39 Financial Instruments: Recognition and Measurement*) are accounted for based on the accounting policy for financial instruments.
- C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(5) Current and non-current distinction

An asset is classified as current when:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- B. The Group holds the asset primarily for the purpose of trading.

- C. The Group expects to realize the asset within twelve months after the reporting period.
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- A. The Group expects to settle the liability in its normal operating cycle.
- B. The Group holds the liability primarily for the purpose of trading.
- C. The liability is due to be settled within twelve months after the reporting period.
- D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of *IFRS 9 Financial Instruments* (Before January 1, 2018: *IAS 39 Financial Instruments: Recognition and Measurement*) are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets: Recognition and Measurement

The accounting policy from January 1, 2018 is as follows:

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- (a) The Group's business model for managing the financial assets and
- (b) The contractual cash flow characteristics of the financial asset.

Financial assets at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets at amortized cost and other receivables etc., on balance sheet as of the reporting date:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as follows:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for equity instruments that are within the scope of IFRS 9 and neither held for trading nor recognized as contingent consideration by the acquirer under *IFRS 3 Business Combinations*, the Group (irrevocably) selected to recognize the subsequent changes of fair value in other comprehensive income upon initial recognition. The amount recognized in other comprehensive income shall not be transferred to profit or loss subsequently (the accumulated amount of other equity interests shall be transferred directly to retained earnings upon disposal of such equity instruments) and the instruments should be presented on the balance sheet as financial assets at fair value through other comprehensive income. Dividends received from such equity instruments are recognized as profit or loss unless the dividends are apparently a return of part of the investment capital.

Financial assets at fair value through profit or loss

Except for financial assets at amortized cost and fair value through other comprehensive income that meet the aforementioned criteria, all financial assets should be measured at fair value through profit or loss and presented on the balance sheet as financial assets at fair value through profit or loss and account receivables.

For financial assets measured at fair value through profit or loss, the gains or losses recognized as profit or loss should include gains or losses from remeasurement and any dividends or interest received from such financial assets.

The accounting policy before January 1, 2018 was as follows:

The Group accounts for regular way purchase or sales of financial assets on the trade date.

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

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

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

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

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

Available-for-sale financial assets

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

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

Loans and receivables

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

Loans and receivables are separately presented on the balance sheet as receivables and investments in debt instrument without active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

B. Impairment of financial assets

The accounting policy from January 1, 2018 is as follows:

The Group recognizes a loss allowance for expected credit loss on debt instrument investments measured at fair value through other comprehensive income and financial assets at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit loss of a financial instrument in a way that reflects:

- (a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) The time value of money; and
- (c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit loss: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit loss in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- (b) At an amount equal to the lifetime expected credit loss: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit loss.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

The accounting policy before January 1, 2018 was as follows:

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

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

Other loss events of financial assets include:

- (a) significant financial difficulty of the issuer or obligor; or
- (b) a breach of contract, such as a default or delinquency in interest or principal payments; or
- (c) it becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (d) the disappearance of an active market for that financial asset because of financial difficulties.

For loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

- (a) The rights to receive cash flows from the asset have expired
- (b) The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- (c) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under *IFRS 9 Financial Instruments* (before January 1, 2018: *IAS 39 Financial Instruments: Recognition and Measurement*).

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

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

Financial liabilities

Financial liabilities within the scope of *IFRS 9 Financial Instruments* (before January 1, 2018: *IAS 39 Financial Instruments: Recognition and Measurement*) are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

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

Before January 1, 2018, if the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their fair value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as of the reporting date.

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(8) Derivative financial instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (not held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

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

Before January 1, 2018, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. These embedded derivatives are separated from the host contract and accounted for as a derivative. The aforementioned policy are applicable to host contracts as financial liabilities or non-financial assets since January 1, 2018.

(9) Fair value measurement

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

- A. In the principal market for the asset or liability, or
- B. In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

(10)Inventories

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

Inventories are recorded at costs when purchased, following the perpetual inventory system. The inventories are recorded at standard cost, while various differences generated in the same period will be allocated to inventories and cost of goods sold at the end of the period. The costs of finished goods and work in process includes the cost of raw material, direct labor, other direct costs and manufacturing overhead related to production (allocated subject to normal productivity), exclusive of the borrowing cost. Inventories are stated at the lower of cost or net realizable value at the end of the period. The cost and net realizable value should be compared on an item-by-item basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and necessary selling expense.

Starting from January 1, 2018, rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11)Investments accounted for using the equity method

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

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

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with *IAS 28 Investments in Associates and Joint Ventures* (before January 1, 2018: *IAS 39 Financial Instruments: Recognition and Measurement*). If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with *IAS 36 Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

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

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

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

(12) Property, plant and equipment

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

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

Buildings	3~60 years
Machinery and equipment	1~20 years
Other equipment	1~20 years

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

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

(13) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*.

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

Buildings	11~41 years
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Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Assets are transferred to or from investment properties when there is a change in use.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

Group as a lessee

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

Group as a lessor

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

(15) Intangible assets

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

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

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

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

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

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

	Patents	Know-how	Licenses	Computer software
Useful lives	Finite(5~8 years)	Finite(3~10 years)	Finite(10 years)	Finite(1~10 years)
Amortization method used	Amortized on a straight-line basis over the shorter of the period of the patent or estimated useful life	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the shorter of legal life period or estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

(16) Impairment of non-financial assets

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

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

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

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

(17)Provisions

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

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time.

Employee benefit – paid leave

This provision is recognized for the Group's expected additional cash payment of employee's unused entitlement on accumulated paid leaves as of the end of the reporting period.

Maintenance warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgment and other known factors.

Sales returns and allowances

Starting from January 1, 2018, sales returns and allowances are accounted in accordance with IFRS 15. Before January 1, 2018, the Group has recognized provision for sales returns and allowances based on past experience and other known factors.

(18) Treasury shares

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

(19) Revenue recognition

The accounting policy from January 1, 2018 is as follows:

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers based on the consideration stated in the contract. Therefore, revenue from these sales is recognized based on the price specified in the contract. The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts. However, for some of the contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 5 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit loss.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

Rendering of services

Revenue from engineering service is recognized by reference to the actual service costs. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered. However, for some of the contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

The accounting policy before January 1, 2018 was as follows:

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

Sale of goods

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

- A. the significant risks and rewards of ownership of the goods have passed to the buyer;
- B. neither continuing managerial involvement nor effective control over the goods sold have been retained;
- C. the amount of revenue can be measured reliably;
- D. it is probable that the economic benefits associated with the transaction will flow to the entity; and
- E. the costs incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from engineering service is recognized by reference to the actual service costs. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Interest income

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

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

(20) Borrowing costs

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

(21) Post-employment benefits

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

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

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

- A. the date of the plan amendment or curtailment, and
- B. the date that the Group recognizes restructuring-related costs

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

(22) Share-based payment transactions

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

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

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

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

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

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

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

(23) Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

(24) Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments (before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

5. Significant accounting judgments, estimates and assumptions

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

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. Investment properties

Certain properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Group accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 10% of the total property.

B. Operating lease commitment — Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

C. De facto control without a majority of the voting rights in subsidiaries

The Group does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Group's holding, relative size of the other shareholdings, how widely spread is the remaining shareholding, contractual arrangements between shareholders, potential voting rights, etc., the Group reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

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

A. Fair value of financial instruments

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

B. Impairment of accounts receivable

Starting from January 1, 2018:

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

Before January 1, 2018:

The Group considers the estimation of future cash flows when there is objective evidence showed indications of impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. However, as the impact from the discounting of short-term receivables is not material, the impairment of short-term receivables is measured as the difference between the asset's carrying amount and the estimated undiscounted future cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

C. Impairment of non-financial assets

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

D. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumption of future demand within a specific time horizon and therefore could result in significant changes.

E. Post-employment benefits

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

F. Share-based payment transactions

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

G. Revenue recognition – sales returns and allowance

Starting from January 1, 2018:

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

Before January 1, 2018:

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. Please refer to Note 6 for more details.

H. Income tax

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

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for disclosure on unrecognized deferred tax asset of the Group as of December 31, 2018.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31	
	2018	2017
Petty cash / revolving funds	\$4,729	\$5,032
Cash in banks	6,017,557	5,831,343
Time deposit	500,421	1,529,758
Cash equivalents	-	109,030
Total	<u>\$6,522,707</u>	<u>\$7,475,163</u>

Please refer to Note 12 for more details on credit risk.

(2) Financial assets/liabilities at fair value through profit or loss

	As of December 31	
	2018	2017 (Note)
Financial assets mandatorily measured at fair value through profit or loss:		
Structured deposit	<u>\$809,094</u>	
Financial liabilities mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments	<u>\$560</u>	
	As of December 31	
	2018 (Note)	2017
Held for trading:		
Derivatives not designated as hedging instruments		
Financial liabilities		
Forward foreign exchange contracts		<u>\$6,872</u>

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

A. Financial assets at fair value through profit or loss were not pledged.

B. Please refer to Note 12 for derivative investments held by the group.

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

	As of December 31	
	2018	, 2017 (Note)
Equity instrument investments measured at fair value through other comprehensive income—current:		
Listed companies stocks	\$205,588	
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Listed companies stocks	2,671,121	
Unlisted companies stocks	<u>1,231,134</u>	
Subtotal	<u>3,902,255</u>	
Total	<u>\$4,107,843</u>	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

- A. A resolution was approved at the Board of Directors' meeting held on May 15, 2018 that the Group disposed of 24,416 thousand shares of Baotek Industrial Materials Ltd., investments in equity instruments designated at fair value through other comprehensive income, held by the Company, at NTD 11 per share to Nitto Boseki Co., Ltd., a company publicly acquiring Baotek Industrial Materials Ltd. The transaction was settled in the third quarter of 2018. When derecognizing the asset, the Company transferred the previously recognized accumulated unrealized gains of \$138,490 thousand from other equity interest to retained earnings in accordance with relevant accounting rules.
- B. The Group invested in equity instruments designated at fair value through other comprehensive income, Dawning Leading Technology Inc. and the investment entered into a merger agreement with King Yuan Electronics Co., Ltd. Please refer to Table 3 for more details.
- C. For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividend income in the amount of \$199,523 thousand for the year ended December 31, 2018, of which was related to investments held at the end of the reporting period.
- D. The Group adopted IFRS 9 on January 1, 2018 and classified certain of its financial assets as financial assets at fair value through other comprehensive income. Financial assets at fair value through other comprehensive income were not pledged.

(4) Available-for-sale financial assets

	As of December 31	
	2018 (Note)	2017
Stocks		<u>\$4,625,723</u>
	As of December 31	
	2018 (Note)	2017
Current		\$262,272
Non-current		<u>4,363,451</u>
Total		<u>\$4,625,723</u>

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9 and had classified available-for-sale financial assets as financial assets at fair value through other comprehensive income since January 1, 2018.

The Group adopted IAS 39 before January 1, 2018 and classified certain financial assets as available-for-sale financial assets. Available-for-sale financial assets were not pledged.

(5) Financial assets at amortized cost

	As of December 31	
	2018	2017 (Note)
Bonds	\$203,885	
Time deposit	47,656	
Less: loss allowance	-	
Total	<u>\$251,541</u>	

	As of December 31	
	2018	2017 (Note)
Current	\$181,950	
Non-current	69,591	
Total	<u>\$251,541</u>	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

A. Please refer to Note 12 for more details on credit risk.

B. The Group adopted IFRS 9 on January 1, 2018 and classified certain of its financial assets as financial assets at amortised cost since January 1, 2018. The financial assets at amortised cost were not pledged.

C. The bonds the Group invested were private placement of ordinary corporate bond of Taiwan Star Telecom Corp. Ltd. and convertible corporate bond of Mojoose Inc. Please refer to Note 6(7) for more details.

(6) Non-current financial assets at cost

	As of December 31	
	2018 (Note)	2017
Available-for-sale financial assets		
Stocks		<u>\$549,998</u>

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9 and had classified financial assets at cost as financial assets at fair value through other comprehensive income since January 1, 2018.

- A. The Group adopted IAS 39 before January 1, 2018. The above investments in the equity instruments of unlisted entities are measured at cost as the fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for these investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.
- B. The Group adopted IAS 39 before January 1, 2018 and classified certain financial assets as financial assets at cost. Financial assets at cost were not pledged.

(7) Investments in debt instrument without active market

	As of December 31	
	2018 (Note)	2017
Bonds		<u>\$352,211</u>
	As of December 31	
	2018 (Note)	2017
Current		\$202,211
Non-current		150,000
Total		<u>\$352,211</u>

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9 and had classified investments in debt instrument without active market to financial assets at amortized cost since January 1, 2018

- A. The Group acquired five-year privately-placed ordinary corporate bond of Taiwan Star Telecom Corp. Ltd at par for \$750,000 thousand. The coupon rate is 2% and the interest is paid on June 6 and December 6 semi-annually. The maturity date of the bond is June 6, 2019 and the principal is repayable from June 2014 in 5 installments. As of December 31, 2018, \$600,000 thousand of the principal had been repaid and the remaining amount was classified as financial assets at amortised cost.
- B. The subsidiaries of the Group acquired convertible corporate bond of Mojoose Inc. at par for USD 1,800 thousand in 2016 and 2017. The coupon rate is 4%, and the interest was paid annually. The maturity date of the bond was December 31, 2020. The subsidiaries of the Group currently hold the bonds to earn interest.
- C. For the private placement of ordinary corporate bonds invested by the Group, it is expected that the trading counterparts are not likely to breach contract. The maximum credit risk exposure on the reporting date is the carrying amount of the debt investments without active market.

D. The Group adopted IAS 39 before January 1, 2018 and classified certain financial assets as investments in debt instrument without active market. Investments in debt instrument without active market were not pledged.

(8) Notes receivable

	As of December 31	
	2018	2017
Notes receivable arising from operating activities	\$30,389	\$86,048
Less: loss allowance	-	-
Total	<u>\$30,389</u>	<u>\$86,048</u>

A. Notes receivable were not pledged.

B. The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6(25) and Note 12 for more details on impairment of accounts receivable and credit risk.

(9) Accounts receivable and accounts receivable due from related parties

	As of December 31	
	2018	2017
Accounts receivable	\$28,729,824	\$25,775,188
Less: loss allowance	(54,525)	(42,679)
Subtotal	<u>28,675,299</u>	<u>25,732,509</u>
Accounts receivable due from related parties	65,860	242,037
Less: loss allowance	-	-
Subtotal	<u>65,860</u>	<u>242,037</u>
Total	<u>\$28,741,159</u>	<u>\$25,974,546</u>

A. Accounts receivable were not pledged.

B. Accounts receivable credit terms are generally on 5-180 day terms. The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6(25) for more details on impairment of accounts receivable for the year ended December 31, 2018. The Group adopted IAS 39 for impairment assessment before January 1, 2018. The movements in the provision for impairment of accounts receivable and accounts receivable due from related parties for the years ended December 31, 2017 were as follows (please refer to Note 12 for disclosure of credit risk) :

	Individually impaired	Collectively impaired	Total
As of January 1, 2017	\$120,920	\$11,490	\$132,410
Charge/(reversal) for the current period	(31,782)	(8,058)	(39,840)
Write off	(47,354)	(25)	(47,379)
Effect of exchange rate change and others	(2,219)	(293)	(2,512)
As of December 31, 2017	<u>\$39,565</u>	<u>\$3,114</u>	<u>\$42,679</u>

The impairment losses assessed individually for the year ended December 31, 2017, primarily resulted due from the fact that the counterparties did not follow the term agreed. The amount of impairment loss recognized was the difference between the carrying amount of the accounts receivable and the present value of its expected recoverable amount.

- C. Aging analysis of accounts receivable and accounts receivable due from related parties that were past due as of the end of the reporting period but not impaired was as follows:

As of	Neither past due nor impaired	Past due but not impaired				Total
		<=30 days	31~60 days	61~90 days	>=91 days	
December 31, 2017	\$22,690,496	\$1,742,862	\$806,534	\$343,497	\$391,157	\$25,974,546

The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6(25) and Note 12 for more details on impairment of accounts receivable and credit risk.

- D. In addition to the above mentioned past due but not impaired or impaired notes receivable, accounts receivable and accounts receivable due from related parties, for which adequate allowance for uncollectible accounts has been provided, the others are identified as undue and unimpaired. Based on the historical rate of breach of contract, the Group considers that it should not be necessary to record allowance for doubtful accounts with respect to the receivable accounts undue or overdue within 90 days and with good credit. Further, aging analysis, historical experience and customers' current financial position are taken into consideration to estimate the receivable accounts which might not be collectible and to provide an allowance for uncollectible accounts therefore. Meanwhile, before accepting a new customer, the Group will evaluate the potential customer's credit quality and set credit line for the customer through the credit rating system. Customers' credit line and rating shall be reviewed according to the type of customer on a periodical basis.

- E. Transferred financial assets that were not derecognised in their entirety

The Group entered into account receivables factoring agreements (with recourse) with a financial institute. Under the agreements, the Group has transferred the contractual rights to receive the cash flows of the financial asset. However, such agreements shall bear default risk. Therefore the transferred assets did not meet the requirement of derecognition. The related terms were as follows:

As of December 31, 2018: No such circumstances.

As of December 31, 2017:

(In thousands)					
The Factor		Account	Cash		
(Transferee)	Interest rate	receivables	withdrawn		Credit Line
		derecognized	(Note 1)	Unutilized	(Note 2)
BNP Paribas	1.397%~1.623%	USD 2,083	(USD 2,083)	-	USD 40,000

Note 1: As mentioned above, the Group received the consideration in the amount of \$61,987 thousand was recognized under other payables.

Note 2: The credit line was share with the factoring agreements that were derecognized in their entirety.

F. Transferred financial assets that were derecognised in their entirety

The Group entered into accounts receivable factoring agreements (without recourse) with a financial institute. Under the agreements, the Group has transferred the contractual rights to receive the cash flows of the financial asset. Pursuant to the factoring agreements, the Group does not bear the credit risk that the accounts receivables are not paid when due. Therefore the related financial assets were derecognized in their entirety as they met the requirement of derecognition. The transferred assets fully derecognised were as follows:

As of December 31, 2018:

(In thousands)				
The Factor	Account	Account		
(Transferee)	receivables	receivables		
	transferred	derecognized	Interest rate	Credit Line
Citibank	USD 145,728	(USD 145,728)	3.380%~3.770%	(Note)
HSBC	USD 93,139	(USD 93,139)	3.380%~3.510%	(Note)
Bank of America	USD 13,946	(USD 13,946)	3.470%	(Note)

Note: Under the factoring agreement entered into by the Group, customers and financial institutions, the financial institutions will buy the account receivables of the Group within the line of credit negotiated by the customers and the financial institutions.

As of December 31, 2017:

(In thousands)

The Factor (Transferee)	Account receivables transferred	Account receivables derecognized	Interest rate	Credit Line
BNP Paribas	USD 18,746	(USD 18,746)	1.397%~1.623%	USD 40,000 (Note 1)
Citibank	USD 180,352	(USD 180,352)	2.300%~2.640%	(Note 2)
HSBC	USD 81,726	(USD 81,726)	2.460%~2.690%	(Note 2)
Bank of America	USD 20,067	(USD 20,067)	2.770%	(Note 2)

Note 1: The credit line was share with the factoring agreements of the transferred financial assets that were not derecognized in their entirety.

Note 2: Under the factoring agreement entered into by the Group, customers and financial institutions, the financial institutions will buy the account receivables of the Group within the line of credit negotiated by the customers and the financial institutions.

G. The Group adopted IFRS 9 on January 1, 2018 and was required to assess the business model and classify the account receivable to the appropriate category. As of December 31, 2018, approximately USD 57,841 thousand of the Group's accounts receivable were financial assets at fair value through profit or loss and were sold to the aforementioned financial institutions in the subsequent period.

H. The losses incurred by the Group for the year ended December 31, 2018 due to derecognition before the due date were \$172,852 thousand. The aforementioned amount was recognized under finance costs.

(10) Inventories

	As of December 31	
	2018	2017
Raw materials	\$15,442,107	\$9,998,194
Work in process	1,100,565	755,221
Finished goods	4,099,972	3,191,573
Merchandise inventory	663,778	652,106
Goods in transit	1,941,313	453,992
Total	<u>\$23,247,735</u>	<u>\$15,051,086</u>

A. Expense and loss incurred on inventories for the years ended December 31, 2018 and 2017 were as follows:

	For the years ended December 31	
	2018	2017
Cost of inventories sold	\$122,837,443	\$110,414,008
Expense recognized (reversed) from inventory write-down to net realizable value	(24,439)	51,551
Total	<u>\$122,813,004</u>	<u>\$110,465,559</u>

The main reason for the recovery of the Group's inventory net realizable value during the year ended December 31, 2018 was the rebound of the price of consumer electronic products and image products.

B. Inventories were not pledged.

(11) Other current assets

	As of December 31	
	2018	2017
Temporary debits	\$241,800	\$391,016
Others	322,931	289,232
Total	<u>\$564,731</u>	<u>\$680,248</u>

Please refer to Note 8 for more details on other current assets – others under pledge.

(12) Investments accounted for using equity method

A. Investments accounted for using equity method consisted were as follows:

Investee companies	As of December 31			
	2018		2017	
	Carrying amount	% of ownership	Carrying amount	% of ownership
<u>Associates</u>				
AcBel Polytech Inc.	\$2,012,748	24.16%	\$1,862,240	24.07%
Ascendant Private Equity Investment Ltd.	935,557	34.72%	986,927	34.72%
Teleport Access Services, Inc.	247,289	23.70%	258,183	23.70%
Daviscomms (S) Pte. Ltd.	83,794	20.00%	125,229	20.00%
Others (Note)	70,910		63,806	
Total	<u>\$3,350,298</u>		<u>\$3,296,385</u>	

Note: Individual investment amount not exceeded \$100,000 thousand were aggregated as others.

B. Investments in associates

Information on the material associate of the Group:

(a) Company name: AcBel Polytech Inc.

Nature of the relationship with the associate: AcBel Polytech Inc. is in the business of manufacturing and selling related products in the Group's industry chain. The Group invested in AcBel Polytech Inc. for the purpose of upstream/downstream integration.

Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: AcBel Polytech Inc. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in AcBel Polytech Inc. was \$2,358,511 thousand and \$2,776,553 thousand as of December 31, 2018 and 2017, respectively.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Group's interest in the associate:

	As of December 31	
	2018	2017
Current assets	\$15,122,855	\$10,802,933
Non-current assets	4,350,074	4,493,336
Current liabilities	(9,894,813)	(6,542,931)
Non-current liabilities	(918,201)	(703,497)
Equity	8,659,915	8,049,841
Non-controlling interest	(329,006)	(313,075)
Shareholders of the parent	8,330,909	7,736,766
Proportion of the Group's ownership	24.16%	24.07%
Carrying amount of the investment	<u>\$2,012,748</u>	<u>\$1,862,240</u>
	For the years ended December 31	
	2018	2017
Operating revenue	\$18,732,663	\$17,801,690
Profit from continuing operations	1,048,665	357,807
Other comprehensive income, net	47,378	(73,662)
Total comprehensive income	1,096,043	284,145

(b) The Group's investments in other companies were not individually material. The aggregate carrying amount of the Group's interests in other companies were \$1,337,550 thousand and \$1,434,145 thousand as of December 31, 2018 and 2017, respectively. The aggregate financial information based on Group's share of other companies were as follows:

	For the years ended December 31	
	2018	2017
Profit (loss) from continuing operations	\$37,638	\$27,650
Other comprehensive income, net	(137,909)	(77,576)
Total comprehensive income	(100,271)	(49,926)

C. As of December 31, 2018 and 2017, the difference (Goodwill) between the costs of investment and net equity were all \$115,377 thousand.

D. The associates had no contingent liabilities or capital commitments as of December 31, 2018 and 2017.

(13) Property, plant and equipment

A. Movements of property, plant and equipment of the Group for the years ended December 31, 2018 and 2017 were as follows:

	Land	Buildings and structures	Machinery and molding equipment	Miscellaneous Equipment	Construction in progress and equipment awaiting examination	Total
Cost:						
As of January 1, 2018	\$1,793,576	\$13,666,290	\$20,906,593	\$3,488,215	\$1,630,433	\$41,485,107
Additions	-	108,671	1,016,242	308,282	1,674,762	3,107,957
Disposals	-	(202)	(795,882)	(181,379)	(2,157)	(979,620)
Reclassification, effect of exchange rate changes and other changes	23,566	1,034,319	1,076,642	52,999	(1,892,927)	294,599
As of December 31, 2018	<u>\$1,817,142</u>	<u>\$14,809,078</u>	<u>\$22,203,595</u>	<u>\$3,668,117</u>	<u>\$1,410,111</u>	<u>\$43,908,043</u>
As of January 1, 2017	\$1,784,337	\$12,951,677	\$19,965,365	\$2,900,137	\$1,915,059	\$39,516,575
Additions	-	533,087	2,021,750	413,448	731,355	3,699,640
Disposals	-	(17,715)	(1,291,270)	(144,757)	-	(1,453,742)
Reclassification, effect of exchange rate changes and other changes	9,239	199,241	210,748	319,387	(1,015,981)	(277,366)
As of December 31, 2017	<u>\$1,793,576</u>	<u>\$13,666,290</u>	<u>\$20,906,593</u>	<u>\$3,488,215</u>	<u>\$1,630,433</u>	<u>\$41,485,107</u>

		Buildings and structures	Machinery and molding equipment	Miscellaneous Equipment	Construction in progress and equipment awaiting examination	Total
Accumulated depreciation and impairment:						
As of January 1, 2018	\$-	\$3,856,378	\$11,645,765	\$2,151,333	\$-	\$17,653,476
Depreciation	-	569,054	2,104,414	363,445	-	3,036,913
Disposals	-	(112)	(730,512)	(167,531)	-	(898,155)
Reclassification, effect of exchange rate changes and other changes	-	40,753	(4,311)	(10,849)	-	25,593
As of December 31, 2018	\$-	\$4,466,073	\$13,015,356	\$2,336,398	\$-	\$19,817,827
As of January 1, 2017	\$-	\$3,391,319	\$10,944,086	\$1,919,426	\$-	\$16,254,831
Depreciation	-	509,630	1,914,784	359,713	-	2,784,127
Disposals	-	(17,138)	(980,621)	(134,740)	-	(1,132,499)
Reclassification, effect of exchange rate changes and other changes	-	(27,433)	(232,484)	6,934	-	(252,983)
As of December 31, 2017	\$-	\$3,856,378	\$11,645,765	\$2,151,333	\$-	\$17,653,476
Net carrying amount as of:						
December 31, 2018	\$1,817,142	\$10,343,005	\$9,188,239	\$1,331,719	\$1,410,111	\$24,090,216
December 31, 2017	\$1,793,576	\$9,809,912	\$9,260,828	\$1,336,882	\$1,630,433	\$23,831,631

B. The significant part and useful life of the Group's buildings included the following:

Primary buildings	50~60 years
Construction and renovation	3~35 years
Water & electric, air conditioning and fire extinguisher engineering	1~35 years

C. Please refer to Note 8 for more details on property, plant and equipment under pledge.

(14) Investment property

A. Movements of investment property of the Group for the years ended December 31, 2018 and 2017 were as follows:

	Buildings and Structures
Cost:	
As of January 1, 2018	\$208,410
Additions	2,559
Effect of exchange rate changes and other changes	33,917
As of December 31, 2018	<u>\$244,886</u>
As of January 1, 2017	\$175,965
Additions	70,976
Effect of exchange rate changes and other changes	(38,531)
As of December 31, 2017	<u>\$208,410</u>
Accumulated depreciation and impairment:	
As of January 1, 2018	\$20,434
Depreciation	18,493
Effect of exchange rate changes and other changes	4,124
As of December 31, 2018	<u>\$43,051</u>
As of January 1, 2017	\$15,579
Depreciation	6,815
Effect of exchange rate changes and other changes	(1,960)
As of December 31, 2017	<u>\$20,434</u>
Net carrying amount as of:	
December 31, 2018	<u>\$201,835</u>
December 31, 2017	<u>\$187,976</u>

B. The rental income and direct operating expenses of the investment property were stated as follows:

	For the years ended December 31	
	2018	2017
Rental income from investment property	\$41,049	\$57,001
Deduct: direct operating expenses derived from investment property with rental revenue in current period	(22,914)	(14,243)
Total	<u>\$18,135</u>	<u>\$42,758</u>

C. Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties were categorized within Level 3. The fair value of investment properties held by the Group amounted to \$165,082 thousand and \$216,377 thousand as of December 31, 2018 and 2017. The aforementioned fair values on each report date were determined based on the fair value (using replacement cost method) which were appraised by independent appraiser.

D. Investment properties were not pledged.

(15) Intangible assets

A. Movements of the intangible assets of the Group for the years ended December 31, 2018 and 2017 were as follows:

	Patents	Computer software	Know-how and others	Total
Cost				
As of January 1, 2018	\$131,371	\$103,885	\$426,422	\$661,678
Additions	123,642	42,601	-	166,243
Disposals	-	(4,560)	(8,817)	(13,377)
Reclassification, effect of exchange rate changes and other changes	6,297	1,193	16,500	23,990
As of December 31, 2018	<u>\$261,310</u>	<u>\$143,119</u>	<u>\$434,105</u>	<u>\$838,534</u>
As of January 1, 2017	\$807,229	\$123,326	\$442,754	\$1,373,309
Additions	89,622	58,294	-	147,916
Disposals	(768,948)	(79,195)	(36,068)	(884,211)
Reclassification, effect of exchange rate changes and other changes	3,468	1,460	19,736	24,664
As of December 31, 2017	<u>\$131,371</u>	<u>\$103,885</u>	<u>\$426,422</u>	<u>\$661,678</u>
Amortization and impairments:				
As of January 1, 2018	\$13,242	\$44,257	\$245,265	\$302,764
Amortization	22,120	41,440	35,865	99,425
Disposals	-	(4,560)	(8,817)	(13,377)
Impairment losses	-	-	7,363	7,363
Reclassification, effect of exchange rate changes and other changes	27	469	3,744	4,240
As of December 31, 2018	<u>\$35,389</u>	<u>\$81,606</u>	<u>\$283,420</u>	<u>\$400,415</u>
As of January 1, 2017	\$778,701	\$80,508	\$214,696	\$1,073,905
Amortization	12,626	35,690	35,865	84,181
Disposals	(768,948)	(79,195)	(36,068)	(884,211)
Impairment losses	-	-	23,153	23,153
Reclassification, effect of exchange rate changes and other changes	(9,137)	7,254	7,619	5,736
As of December 31, 2017	<u>\$13,242</u>	<u>\$44,257</u>	<u>\$245,265</u>	<u>\$302,764</u>
Net carrying amount as of:				
December 31, 2018	<u>\$225,921</u>	<u>\$61,513</u>	<u>\$150,685</u>	<u>\$438,119</u>
December 31, 2017	<u>\$118,129</u>	<u>\$59,628</u>	<u>\$181,157</u>	<u>\$358,914</u>

B. Amortization expense of intangible assets were stated as follows:

	For the years ended December 31	
	2018	2017
Operating cost	\$4,217	\$17,678
Operating expenses	95,208	66,503
Total	<u>\$99,425</u>	<u>\$84,181</u>

(16) Other non-current assets

	As of December 31	
	2018	2017
Long-term prepaid rent	\$1,439,893	\$1,382,756
Prepayments for business facilities	130,300	313,842
Prepayments for investments	100,000	-
Others	450,591	431,958
Total	<u>\$2,120,784</u>	<u>\$2,128,556</u>

A. Long-term prepaid rent is the land use right of the subsidiaries, and the contract period is 50-75 years.

B. Please refer to Note 8 for more details on other non-current assets under pledge.

(17) Current borrowings

	As of December 31	
	2018	2017
Unsecured bank loans	\$23,981,190	\$21,328,417
Secured bank loans	152,246	50,783
Total	<u>\$24,133,436</u>	<u>\$21,379,200</u>
Unused amount	<u>\$43,110,987</u>	<u>\$41,807,720</u>
Interest rate	<u>0.77%~5.98%</u>	<u>0.77%~5.98%</u>

Please refer to Note 8 for more details on assets pledged as security for current borrowings.

(18) Short-term notes and bills payable

	As of December 31	
	2018	2017
Short-term notes	\$840,000	\$1,176,000
Discount of short-term notes	(698)	(929)
Total	<u>\$839,302</u>	<u>\$1,175,071</u>
Interest rate	<u>1.01%~1.20%</u>	<u>1.04%~1.60%</u>

(19) Current provisions

	Employee benefit – paid leave	Other	Total
As of January 1, 2018	\$28,750	\$2,161	\$30,911
Arising during the period	1,576	69	1,645
Effect of exchange rate	120	-	120
As of December 31, 2018	<u>\$30,446</u>	<u>\$2,230</u>	<u>\$32,676</u>

	Employee benefit – paid leave	Other	Total
As of December 31, 2017	<u>\$28,750</u>	<u>\$2,161</u>	<u>\$30,911</u>

Employee benefit – paid leave

This provision is recognized for the Group's expected additional cash payment of employee's unused entitlement on accumulated paid leaves as of the end of the reporting period.

Sales returns and discounts

The Group adopted IFRS 15 for sales returns and discounts. Please refer to Note 4 for relevant accounting policies. Before January 1, 2018, a provision has been recognized for sales returns and allowances based on historical experience and other known factors. The provision is recognized and the corresponding entry is made against operating revenue at the time of sales.

Others

A provision is recognized for the expected warranty claims based on historical experience, management judgement and other known factors.

(20) Non-current borrowings

A. Details of non-current borrowings as of December 31, 2018 and 2017 were as follows:

Creditor	As of December 31, 2018	Payment of principal
E.Sun Bank– Syndication unsecured loan	\$5,788,824 (USD188,000)	The tenure of the loan is from December 26, 2017 to December 25, 2020. The borrower was entitled to extend the loan for two years by notifying the bank issuing the syndicated loan in writing from twelve months to three months prior to the expiration of the tenure. Each banks will exercise consent independently. If the term is extended, the principal should be repaid semi-annually in 5 installments starting from December 25, 2020. If not, the repayment of principal will be due in a lump-sum payment on the expiration date of the tenure.

Creditor	As of December 31, 2018	Payment of principal
Taiwan Cooperative Bank – Unsecured loan	\$154,232 (USD5,000)	The period of the loan is from July 3, 2018 to May 3, 2021. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable quarterly.
Mega Bank – Syndication unsecured loan	1,689,319 (USD 55,000)	The initial period of the loan was from April 28, 2017 to June 17, 2021. After drawing the loan for the first time, the Group repaid the principal amounted to USD 75,000 thousand in advance. Then the period of the loan was adjusted from April 28, 2017 to June 17, 2020. The remaining principal shall be repaid semi-annually starting from June 17, 2019 in 4 installments.
KGI Bank – Unsecured loan	1,200,000	The period of the loan is from June 8, 2018 to June 8, 2020. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Bank SinoPac – Unsecured loan	650,000	The period of the loan is from November 30, 2017 to November 29, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
O-Bank – Unsecured loan	400,000	The period of the loan is from November 14, 2017 to November 13, 2020. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
O-Bank – Unsecured loan	200,000	The period of the loan is from March 14, 2018 to February 5, 2021. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
E.Sun Bank – Unsecured loan	400,000	The period of the loan is from May 25, 2018 to May 25, 2021. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
E.Sun Bank – Unsecured loan	500,000	The period of the loan is from July 6, 2018 to July 6, 2021. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.

Creditor	As of December 31, 2018	Payment of principal
Jih Sun International Commercial Bank – Unsecured loan	\$500,000	The period of the loan is from November 9, 2017 to November 28, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Export-Import Bank of the Republic of China – Unsecured loan	375,000	The period of the loan is from February 26, 2016 to February 26, 2021. After receiving the loan 18 months later, the principal should be repaid semi-annually in 8 installments. Interest is payable monthly.
Export-Import Bank of the Republic of China – Unsecured loan	100,000	The period of the loan is from May 21, 2018 to May 19, 2023. After receiving the loan 18 months later, the principal should be repaid semi-annually in 8 installments. Interest is payable monthly.
Far Eastern International Bank – Unsecured loan	500,000	The period of the loan is from August 10, 2018 to August 10, 2021. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Mega Bank – Unsecured loan	300,000	The period of the loan is from December 11, 2017 to December 11, 2020. The repayment of principal will be due in a lump-sum payment on the expiration of the term and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	35,802 (CNY8,000)	The period of the loan is from June 9, 2017 to June 9, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	71,605 (CNY16,000)	The period of the loan is from July 17, 2017 to July 17, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	35,802 (CNY8,000)	The period of the loan is from August 29, 2017 to August 29, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	67,130 (CNY15,000)	The period of the loan is from December 27, 2018 to December 27, 2023. The principal should be repaid annually in 5 installments and interest is payable monthly.

Creditor	As of December 31, 2018	Payment of principal
FCB Leasing Co., Ltd. – Secured loan	\$88,969 (CNY19,880)	The period of the loan is from June 27, 2018 to June 27, 2021. The principal should be repaid monthly in 36 installments. Interest is payable monthly.
Far Eastern International Leasing Corporation – Secured loan	134,260 (CNY30,000)	The period of the loan is from August 10, 2018 to August 10, 2021. The principal should be repaid annually in 3 installments and interest is payable quarterly.
Subtotal	13,190,943	
Less: current portion	(1,187,774)	
Total	<u>\$12,003,169</u>	
Interest rate	<u>1.186%~9.00%</u>	

Creditor	As of December 31, 2017	Payment of principal
E.Sun Bank– Syndication unsecured loan	\$3,222,114 (USD 108,000)	The tenure of the loan is from December 26, 2017 to December 25, 2020. The borrower was entitled to extend the loan for two years by notifying the bank issuing the syndicated loan in writing from twelve months to three months prior to the expiration of the tenure. Each banks will exercise consent independently. If the term is extended, the principal should be repaid semi-annually in 5 installments starting from December 25, 2020. If not, the repayment of principal will be due in a lump-sum payment on the expiration date of the tenure.
Mega Bank – Syndication unsecured loan	2,232,001 (USD 75,000)	The period of the loan is from April 28, 2017 to June 17, 2021. After receiving the loan 3 years later, the principal should be repaid semi-annually in 5 installments.
KGI Bank – Unsecured loan	1,200,000	The period of the loan is from December 8, 2017 to December 8, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Bank SinoPac – Unsecured loan	650,000	The period of the loan is from November 30, 2017 to November 29, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.

Creditor	As of December 31, 2017	Payment of principal
O-Bank – Unsecured loan	\$400,000	The period of the loan is from November 14, 2017 to November 13, 2020. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
O-Bank – Unsecured loan	200,000	The period of the loan is from January 14, 2016 to January 14, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
E.Sun Bank– Unsecured loan	400,000	The period of the loan is from May 26, 2017 to May 24, 2019. After receiving the loan 2 years later, the principal should be repaid quarterly in 5 installments. Interest is payable quarterly.
Chang Hwa Bank – Unsecured loan	300,000	The period of the loan is from November 28, 2017 to November 27, 2020. After receiving the loan 27 months later, the principal should be repaid quarterly in 4 installments. Interest is payable monthly.
Jih Sun International Commercial Bank – Unsecured loan	500,000	The period of the loan is from November 9, 2017 to November 8, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Mega Bank – Unsecured loan	300,000	The period of the loan is from December 11, 2017 to December 11, 2020. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Export-Import Bank of the Republic of China– Unsecured loan	525,000	The period of the loan is from February 26, 2016 to February 26, 2021. After receiving the loan 18 months later, the principal should be repaid semi-annually in 8 installments. Interest is payable monthly.
Far Eastern International Bank– Unsecured loan	500,000	The period of the loan is from December 6, 2016 to December 6, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.

Creditor	As of December 31, 2017	Payment of principal
Shanghai Commercial & Savings Bank – Unsecured loan	\$100,000	The period of the loan is from November 20, 2017 to May 20, 2019. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
Ta Chong Bank – Unsecured loan (Note)	50,000	The period of the loan is from December 11, 2015 to December 26, 2018. The repayment of principal will be due in a lump-sum payment on the expiration of the term. Interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	45,545 (CNY 10,000)	The period of the loan is from June 9, 2017 to June 9, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	91,090 (CNY 20,000)	The period of the loan is from July 17, 2017 to July 17, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
SCSB Leasing (China) Co., Ltd. – Secured loan	45,545 (CNY 10,000)	The period of the loan is from August 29, 2017 to August 29, 2022. The principal should be repaid annually in 5 installments and interest is payable monthly.
Subtotal	10,761,295	
Less: current portion	(476,436)	
Total	<u>\$10,284,859</u>	
Interest rate	<u>1.224%~7.99%</u>	

Note: Ta Chong Bank, the creditor, was merged with Yuanta Bank on January 1, 2018 and Yuanta Bank was the surviving entity.

B. Please refer to Note 8 for more details on assets pledged as security for non-current borrowings.

(21) Post-employment benefits

Defined contribution plan

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

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

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

Pension expenses under the defined contribution plan for the years ended December 31, 2018 and 2017 were \$357,249 thousand and \$357,980 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$40,451 thousand to its defined benefit plan during the 12 months beginning after December 31, 2018.

The duration of the defined benefits plan obligation as of December 31, 2018 and 2017 were 2028~2036 and 2027~2036, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2018 and 2017 were as follows:

	For the years ended December 31	
	2018	2017
Current service cost	\$41,868	\$40,166
Net interest on the net defined benefit liabilities (assets)	14,529	14,834
Total	<u>\$56,397</u>	<u>\$55,000</u>

Changes in the defined benefit obligation and fair value of plan assets were as follows:

	As of		
	December 31, 2018	December 31, 2017	January 1, 2017
Defined benefit obligation	\$1,128,330	\$1,205,457	\$1,147,943
Plan assets at fair value	(447,631)	(453,769)	(456,380)
Other non-current liabilities - accrued pension liabilities recognized on the balance sheets	<u>\$680,699</u>	<u>\$751,688</u>	<u>\$691,563</u>

	As of December 31,	
	2018	2017
Net defined benefit assets – non-current (Note)	\$(53,711)	\$(19,755)
Net defined benefit liabilities – non-current	734,410	771,443
Total	<u>\$680,699</u>	<u>\$751,688</u>

Note: Included in other non-current assets.

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

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
As of January 1, 2017	\$1,147,943	\$(456,380)	\$691,563
Current period service cost	40,166	-	40,166
Interest expense (income)	16,922	(2,088)	14,834
Subtotal	1,205,031	(458,468)	746,563

	Defined benefit obligation	Plan assets at fair value	Benefit liabilities (assets)
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	\$4,112	\$-	\$4,112
Actuarial gains and losses arising from changes in financial assumptions	43,639	856	44,495
Experience adjustments	(10,415)	-	(10,415)
Remeasurements of the defined benefit assets	-	(3,375)	(3,375)
Subtotal	37,336	(2,519)	34,817
Payments from the plan	(39,867)	39,867	-
Contribution by employer	-	(32,030)	(32,030)
Exchange differences	2,957	(619)	2,338
As of December 31, 2017	\$1,205,457	\$(453,769)	\$751,688
Current period service cost	41,868	-	41,868
Interest expense (income)	16,185	(1,656)	14,529
Subtotal	1,263,510	(455,425)	808,085
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(21,853)	-	(21,853)
Actuarial gains and losses arising from changes in financial assumptions	(7,970)	(9,349)	(17,319)
Experience adjustments	(41,552)	-	(41,552)
Remeasurements of the defined benefit assets	-	(7,142)	(7,142)
Subtotal	(71,375)	(16,491)	(87,866)
Payments from the plan	(61,459)	61,459	-
Contribution by employer	-	(36,757)	(36,757)
Exchange differences	(2,346)	(417)	(2,763)
As of December 31, 2018	\$1,128,330	\$(447,631)	\$680,699

The following significant actuarial assumptions were used to determine the present value of the defined benefit obligation:

	As of December 31	
	2018	2017
Discount rate	1.00%~8.80%	1.00%~6.80%
Expected rate of salary increases	3.00%~6.00%	3.00%~6.00%

A sensitivity analysis for significant assumption was shown below:

	For the years ended December 31			
	2018		2017	
	Defined benefit obligation increase	Defined benefit obligation decrease	Defined benefit obligation increase	Defined benefit obligation decrease
Discount rate increase by 0.25%	\$-	\$24,065	\$-	\$27,309
Discount rate decrease by 0.25%	25,108	-	28,751	-
Future salary increase by 0.25%	25,102	-	28,179	-
Future salary decrease by 0.25%	-	23,647	-	26,631

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

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

(22)Equity

A. Ordinary share

As of December 31, 2018 and 2017, the Company's authorized capital were both \$20,000,000 thousand and the paid-in capital were \$14,533,042 thousand and \$14,556,572 thousand respectively; the outstanding shares were 1,453,304 thousand and 1,455,657 thousand shares respectively, each at a par value of \$10. Each share has one voting right and right to receive dividends.

In accordance with the Securities and Exchange Act, a resolution was approved through the board meeting held on November 12, 2018 to retire 2,353 thousand shares of the treasury shares the Company acquired for transferring such shares to employees in 2015, but has not done upon maturity of three years. The date of retirement was November 19, 2018 and the Company had completed capital amendment registration on December 20, 2018.

B. Capital surplus

	As of December 31	
	2018	2017
Treasury share transactions	\$492,544	\$472,282
Changes in equity of subsidiaries, associates and joint ventures and others	160,157	196,635
Total	\$652,701	\$668,917

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

As of December 31, 2018 and 2017, the treasury shares held by the Group was \$1,504,096 thousand and \$1,114,185 thousand, respectively, and the number of treasury shares held by the Group was 108,353 thousand shares and 70,706 thousand shares, respectively. The shares held by the Company's subsidiaries were as follows:

- (a) As of December 31, 2018 and 2017, the Company's subsidiary, Jipo Investment Co., Ltd., all held investment amount \$781,975 thousand, and 46,197 thousand shares of the Company's stock. These shares held by Jipo Investment Co., Ltd. were acquired for the purpose of shareholder's interests.
- (b) As of December 31, 2018 and 2017, the Company's subsidiary, Forward International Ltd., all held investment amount \$298,078 thousand, and 20,933 thousand shares of the Company's stock. These shares held by Forward International Ltd. were acquired for the purpose that beneficiary certificates of investment in parent company are treated as treasury shares.

D. Retained earnings and dividend policy

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

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

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The proportion of stock dividends may be within 0% to 90% of the total dividends, and the cash dividends may be within 10% to 100% of the total dividends.

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

Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Details of the 2018 and 2017 earnings distribution and dividends per share as resolved by the board of directors' meeting held on March 28, 2019 and shareholders' meeting held on June 11, 2018 were as follows:

	Appropriation of earnings		Dividend per share (NTD\$)	
	2018	2017	2018	2017
Legal reserve	\$55,038	\$38,263		
Special reserve	310,102	-		
Cash dividends of ordinary share	423,624	435,625	\$0.3	\$0.3

Please refer to Note 6(27) for further details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended December 31	
	2018	2017
Beginning balance	\$10,877,431	\$10,699,659
Effects of retrospective application and retrospective restatement (Note)	(28,709)	-
Profit, attributable to non-controlling interest	435,365	303,648
Other comprehensive income, attributable to non-controlling interest:		
Gains (losses) on remeasurements of defined benefit	26,040	(6,551)
Exchange differences on translation	(174,465)	195,390
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(113,842)	-
Unrealized gains (losses) on valuation of available-for-sale financial assets	-	(42,323)
Other components of other comprehensive income that will be reclassified to profit or loss	(409)	(154)
Subsidiaries appropriated and distributed retained earnings for cash dividends	(223,557)	(228,160)
Changes in ownership interests in subsidiaries	34,461	33,751
Share-based payment	3,481	12,956
Others	26,800	(90,785)
Ending balance	<u>\$10,862,596</u>	<u>\$10,877,431</u>

Note: It was the decrease in non-controlling interest due to applying IFRS 9 for the first time.

(23) Share-based payments

Certain employees of the Group are entitled to share-based payments as part of their remunerations. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payments transactions.

A. Share-based payments plan for employees of the parent entity

On December 15, 2014, the Company was authorized by the Securities and Futures Bureau of the FSC to issue employee share options with a total number of 40,000 units. Each unit entitles an optioned to subscribe for 1,000 shares of the Company's common shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. Settlement upon the exercise of the options will be made through the issuance of new shares by the Company. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each option granted is 7 years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payments plan were as follows:

<u>Date of grant</u>	<u>Total number of share options granted (in thousands)</u>	<u>Exercise price of share options (\$) (Note)</u>
May 18, 2015	40	\$11.36

Note: After the share options are granted, if the capital shares changes (issuance of common stock, retained earnings transferred to common stock, capital reserve transferred to common stock, business combination, share split or raising capital by participating in depository receipt, issuance overseas certificates, etc.), decreases for reasons other than decrease in treasury stocks or issues cash dividends per share amounting more than 1.5% of the stock price at that time, it would be adjusted following the Company's order of share-based payment plan for employees.

The following table lists the inputs to the model used for the plan granted on May 18, 2015:

Dividend yield (%)	-
Expected volatility (%)	32.20%
Risk-free interest rate (%)	1.2476%
Expected option life (year)	7 years
Weighted average share price (\$)	\$12.35
Option pricing model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payment plan were as follows:

	For the years ended			
	December 31, 2018		December 31, 2017	
	Number of share options outstanding	Weighted average exercise price of share options (\$)	Number of share options outstanding	Weighted average exercise price of share options (\$)
Outstanding at beginning of period	37,702	\$11.71	38,140	\$12.04
Granted	-	-	-	-
Forfeited	(1,648)	11.36	(438)	11.71
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	36,054	\$11.36	37,702	\$11.71
Exercisable at end of period	36,054	-	18,805	-
For share options granted during the period, weighted average fair value of those options at the measurement date (\$)		\$-		\$-

The information on the outstanding share options as of December 31, 2018 and 2017 were as follows:

	Range of exercise price (\$)	Weighted average remaining contractual life (years)
As of December 31, 2018		
Share options outstanding at the end of the period	\$11.36	3.38
As of December 31, 2017		
Share options outstanding at the end of the period	\$11.71	4.38

B. Share-based payments plan for employees of the subsidiaries

- (a) On July 2, 2015, the Company's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, issued employee share options with a total number of 200,000 thousand units. Each unit entitles an optioned to subscribe for 1 share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 2 years from the grant date.

The fair value of the share options is estimated at the grant date using a binomial option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the option was set at the closing price of the subsidiary's common share on the grant date. The contractual term of each option granted is 3 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan were as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (THB \$)
July 2, 2015	200,000	\$3.38

The following table lists the inputs to the model used for the plan granted on July 2, 2015:

Dividend yield (%)	4.25%
Expected volatility (%)	29.75%-30.00%
Risk-free interest rate (%)	1.55%
Expected option life (year)	3 years
Weighted average share price (THB \$)	\$3.18
Option pricing model	Binomial option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payment plan were as follows:

	For the years ended			
	December 31, 2018		December 31, 2017	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (THB \$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (THB \$)
Outstanding at beginning of period	123,711	\$3.38	135,039	\$3.38
Granted	-	-	-	-
Forfeited	(13,942)	3.38	(8,778)	3.38
Exercised	-	-	(2,550)	3.38
Expired	(109,769)	3.38	-	-
Outstanding at end of period	-	\$-	123,711	\$3.38
Exercisable at end of period	-	-	123,711	-
For share options granted during the period, weighted average fair value of those options at the measurement date (THB \$)		\$-		\$-

The information on the outstanding share options as of December 31, 2018 and 2017 were as follows:

	Range of exercise price (THB \$)	Weighted average remaining contractual life (years)
As of December 31, 2018		
Share options outstanding at the end of the period	\$-	-
As of December 31, 2017		
Share options outstanding at the end of the period	\$3.38	0.50

On April 27, 2018, the shareholders' meeting of the Company's subsidiary, Cal-Comp Electronics (Thailand) Public Company Limited, resolved to issue a total of 225,000 thousand units employee share options. Each unit entitled to subscribe for 1 share of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The exercise price of the options was set at THB 2.16 and the contractual term of each option granted is 4 years. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 1 year from the grant date. The Company's subsidiary has not yet issued the aforementioned employee share options as of December 31, 2018.

- (b) On September 23, 2016, the Company's subsidiary, Qbit Semiconductor Holding, Ltd., issued employee share options with a total number of 983 thousand units. Each unit entitles an optionee to subscribe for 1 shares of the subsidiary's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares by the subsidiary. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan starting 3~4 years from the grant date.

The fair value of the share options is estimated at the grant date using Black-Scholes option pricing-model, taking into account the terms and conditions upon which the share options were granted.

The exercise price of the option was set at par value of the subsidiary's common share on the grant date. The contractual term of each option granted is 3 years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

The relevant details of the aforementioned share-based payment plan were as follows:

Date of grant	Total number of share options granted (in thousands)	Exercise price of share options (USD \$)
September 23, 2016	983	\$0.1

The following table lists the inputs to the model used for the plan granted on September 23, 2016:

Dividend yield (%)	-
Expected volatility (%)	36.69%~36.77%
Risk-free interest rate (%)	0.49%~0.52%
Expected option life (year)	3.5~4 years
Weighted average share price (USD \$)	\$0.08
Option pricing model	Black-Scholes option pricing model

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The further details on the aforementioned share-based payment plan were as follows:

	For the years ended			
	December 31, 2018		December 31, 2017	
	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (USD \$)	Number of share options outstanding (in thousands)	Weighted average exercise price of share options (USD \$)
Outstanding at beginning of period	983	\$0.1	983	\$0.1
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of period	983	\$0.1	983	\$0.1
Exercisable at end of period	-	-	-	-
For share options granted during the period, weighted average fair value of those options at the measurement date (USD \$)		\$-		\$-

The information on the outstanding share options as of December 31, 2018 and 2017 were as follows:

	Range of exercise price (USD \$)	Weighted average remaining contractual life (years)
As of December 31, 2018		
Share options outstanding at the end of the period	\$0.1	1.73
As of December 31, 2017		
Share options outstanding at the end of the period	\$0.1	2.73

C. Treasury shares transferred to Company's employees of the parent entity

Type of agreement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions	Payment date
Treasury shares transferred to employees	2016.8.16	21,093 (Note)	-	Vested immediately	2017.9.11

Note: The Company transferred 17,517 thousand shares to employees on September 11, 2017.

(a) The fair value of the treasury shares transferred to employees were as follows:

Type of agreement	Grant date	Stock price	Exercise price	Fair value per share (Note)
Treasury shares transferred to employees	2016.8.16	\$12.10	\$9.36~\$9.64	\$2.46~\$2.74

Note: The fair value is the difference between the stock price and the exercise price.

(b) In accordance with the Securities and Exchange Act, a resolution was approved through the board meeting held on November 12, 2018 to retire 2,353 thousand shares of the treasury shares the Company acquired for transferring such shares to employees in 2015, but has not done upon maturity of three years. The date of retirement was November 19, 2018 and the Company had completed capital amendment registration on November 30, 2018.

- (c) To motivate the employees and retain the best talent, a resolution of repurchasing and transferring shares to the employees was approved through the board meeting held on March 20, 2018. The number of shares to be repurchased was 40,000 thousand shares. The Company has repurchased all the shares at the cost of \$412,597 thousand, but has not yet transferred the shares to employees as of December 31, 2018.

D. Expenses incurred on share-based payment transactions were shown as follows:

	For the years ended December 31	
	2018	2017
Equity-settled	<u>\$7,229</u>	<u>\$92,016</u>

(24) Operating revenue

A. Breakdown of operating revenue was as follows:

	For the years ended December 31	
	2018(Note)	2017
Revenue from contracts with customers		
Sale of goods	\$131,275,074	\$117,453,465
Revenue arising from rendering of services	1,403,526	1,710,857
Other revenue	<u>154,044</u>	<u>40,442</u>
Total	<u>\$132,832,644</u>	<u>\$119,204,764</u>

Note: The Group has adopted IFRS 15 from January 1, 2018. The Group elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (January 1, 2018).

B. The Group has adopted IFRS 15 from January 1, 2018. Analysis of revenue from contracts with customers during the year ended December 31, 2018 was as follow:

(a) Disaggregation of revenue

For the year ended December 31, 2018:

	Consumer electronic products	Other operating segments	Total
Sale of goods	\$127,684,243	\$3,590,831	\$131,275,074
Rendering of services	<u>1,396,759</u>	<u>6,767</u>	<u>1,403,526</u>
Total	<u>\$129,081,002</u>	<u>\$3,597,598</u>	<u>\$132,678,600</u>

	Consumer electronic products	Other operating segments	Total
Timing of revenue recognition:			
At a point in time	\$128,891,871	\$3,597,598	\$132,489,469
Over time	189,131	-	189,131
Total	<u>\$129,081,002</u>	<u>\$3,597,598</u>	<u>\$132,678,600</u>

(b) Contract balances

Current contract liabilities

	January 1, 2018	December 31, 2018	Difference
Sales of goods	<u>\$79,030</u>	<u>\$200,611</u>	<u>\$121,581</u>

For the year ended December 31, 2018, contract liabilities increased as new performance obligations have not yet been satisfied. In addition, opening balance in the amount of \$32,107 thousand was recognized as revenue, and the remaining \$46,923 thousand of the opening balance has been transferred to appropriate accounts in 2018.

The Group's transaction price allocated to unsatisfied performance obligations as of December 31, 2018 was expected to be recognized as revenue within a year.

(c) There were no assets recognized from costs to fulfil a contract during the period.

(25) Impairment loss determined in accordance with IFRS 9

A. The impairment loss determined in accordance with IFRS 9 recognized as operating expenses was as follows:

	For the years ended December 31	
	2018	2017(Note)
Operating expenses –impairment loss determined in accordance with IFRS 9		
Accounts receivable	<u>\$8,790</u>	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

B. Please refer to Note 12 for more details on credit risk.

C. The Group measures the loss allowance of its receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit loss. The assessment of the Group's loss allowance as of December 31, 2018 was as follow:

(a) The Group considers the grouping of notes receivable and accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details were as follows:

	Not yet due (Note)	Overdue				Total
		<=30 days	31-60 days	61-90 days	>=91 days	
Gross carrying amount	\$26,436,794	\$1,725,889	\$460,055	\$14,871	\$188,464	\$28,826,073
Loss ratio	0%	0%	0%~100%	0%~100%	3%~100%	
Lifetime expected credit loss	-	-	(2,295)	-	(52,230)	(54,525)
Carrying amount of accounts receivable	\$26,436,794	\$1,725,889	\$457,760	\$14,871	\$136,234	\$28,771,548

Note 1: The Group's notes receivable were not overdue.

Note 2: USD 57,841 thousand of financial assets classified as financial assets at fair value through profit or loss after the Group adopted IFRS 9 on January 1, 2018 were included in the account receivables not yet due and were sold to financial institutions in the subsequent period.

(b) The credit period of the Group's sale of goods is from 5 to 180 days. To manage the credit risk, before accepting a new customer, the Group will evaluate the potential customer's credit quality and set credit line for the customer through the credit rating system. Customers' credit line and rating shall be reviewed according to the type of customer on a periodical basis to ensure that adequate loss allowance has been provided. In addition, most of the counterparties the Group transacts with are large international companies with good credit rating. Moreover, based on the historical default rates and other internal and external resources for the assessment, there's no significant credit loss for the Group.

D. The movement in the provision for impairment of accounts receivable during the year ended December 31, 2018 was as follow:

	Accounts receivable
Beginning balance (in accordance with IAS 39)	\$42,679
Transition adjustment to retained earnings	-
Beginning balance (in accordance with IFRS 9)	42,679
Addition for the current period	8,790
Effect of exchange rate changes and others	3,056
Ending balance	<u>\$54,525</u>

(26) Operating costs

	For the years ended December 31	
	2018	2017
Cost of sales	\$122,813,004	\$110,465,559
Cost of services	1,169,605	1,046,894
Others	291,784	254,802
Total	<u>\$124,274,393</u>	<u>\$111,767,255</u>

(27) Additional information of expenses by function

A. Summary statement of employee benefits, depreciation and amortization expenses by function were as follows:

By function By feature	For the years ended					
	December 31, 2018			December 31, 2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Wages and salaries	\$5,656,085	\$3,518,932	\$9,175,017	\$5,548,100	\$3,073,949	\$8,622,049
Labor and health insurance	255,748	212,576	468,324	279,709	168,233	447,942
Pension	249,276	164,370	413,646	291,718	121,262	412,980
Others	181,631	124,260	305,891	187,911	94,288	282,199
Depreciation	2,754,541	300,865	3,055,406	2,528,036	262,906	2,790,942
Amortization	4,217	95,208	99,425	17,678	66,503	84,181

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

Based on profit of the year ended December 31, 2018, the Company estimated and recognized the amounts of the employees' compensation and remuneration to directors at \$59,875 thousand and \$11,975 thousand, respectively as cost of services and employee benefits expense for the year ended December 31, 2018. A resolution was approved through the Board of Directors' meeting held on March 28, 2019 to distribute \$59,875 thousand and \$11,975 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2018, respectively. If the Board of Directors resolved to pay the employees' compensation by issuing stocks, the price of the stock will be calculated according to the stock closing price on the day before the Board of Directors' Meeting. If the estimates significantly differ, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period. If there is a difference between the estimation and the resolution of the Board of Directors, the difference will be recognized in profit or loss in the subsequent year.

A resolution was approved through the Board of Directors' meeting held on March 20, 2018 to distribute \$43,329 thousand and \$8,666 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2017, respectively. There were no differences between the estimated amount which was recognized through 2017 and actual distribution amount in 2018.

(28) Non-operating income and expenses

A. Other income

	For the years ended December 31	
	2018	2017
Interest income		
Cash in banks	(Note)	\$47,651
Financial assets measured at amortized cost	\$67,785	(Note)
Investments in debt instrument without active market	(Note)	7,282
Dividend income	199,523	196,813
Others	120,277	471,194
Total	<u>\$387,585</u>	<u>\$722,940</u>

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

B. Other gains and losses

	For the years ended December 31	
	2018	2017
Gains (losses) on financial assets (liabilities) at fair value through profit or loss (Note 1)	\$62,742	\$(93,524)
Gains on disposals of property, plant and equipment	12,739	(7,796)
Gains on disposals of investments	-	12,004
Foreign exchange gains (losses), net	177,167	(235,214)
Impairment losses		
Available-for-sale financial assets	(Note 2)	(511)
Non-financial assets	-	(23,153)
Others	(35,573)	(7,603)
Total	<u>\$217,075</u>	<u>\$(355,797)</u>

Note 1: Balance for the year ended December 31, 2018 arose from financial assets and liabilities mandatorily measured at fair value through profit or loss and balance for the year ended December 31, 2017 arose from financial assets and liabilities held for trading.

Note 2: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

C. Finance costs

	For the years ended December 31	
	2018	2017
Interest expense	\$907,054	\$616,485
Others	240,233	161,687
Total	<u>\$1,147,287</u>	<u>\$778,172</u>

(29) Components of other comprehensive income

	For the year ended December 31, 2018				
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Will not be reclassified to profit or loss in subsequent periods:					
Gains (losses) on remeasurements of defined benefit plans	\$87,866	\$-	\$87,866	\$4,912	\$92,778
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(947,310)	-	(947,310)	16,983	(930,327)

For the year ended December 31, 2018

		Reclassification	Other	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
	Arising during the period	adjustments during the period	comprehensive income, before tax		
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(108,277)	-	(108,277)	29,057	(79,220)
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	(228,793)	-	(228,793)	43,395	(185,398)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(16,749)	-	(16,749)	(5,931)	(22,680)
Other components of other comprehensive income that will be reclassified to profit or loss	(772)	-	(772)	73	(699)
Total of other comprehensive income	<u>\$(1,214,035)</u>	<u>\$-</u>	<u>\$(1,214,035)</u>	<u>\$88,489</u>	<u>\$(1,125,546)</u>

For the year ended December 31, 2017

		Reclassification	Other	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
	Arising during the period	adjustments during the period	comprehensive income, before tax		
Will not be reclassified to profit or loss in subsequent periods:					
Gains (losses) on remeasurements of defined benefit plans	\$(34,817)	\$-	\$(34,817)	\$4,717	\$(30,100)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(2,278)	-	(2,278)	-	(2,278)
Will be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation	266,323	-	266,323	(12,707)	253,616
Unrealized gains (losses) on valuation of available-for-sale financial assets	384,640	-	384,640	16	384,656
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(92,248)	-	(92,248)	13,100	(79,148)
Other components of other comprehensive income that will be reclassified to profit or loss	(281)	-	(281)	21	(260)
Total of other comprehensive income	<u>\$521,339</u>	<u>\$-</u>	<u>\$521,339</u>	<u>\$5,147</u>	<u>\$526,486</u>

(30) Tax income (expense)

A. Based on the amendments to the Income Tax Act announced on February 7, 2018, the Company's applicable corporate income tax rate for the year ended December 31, 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

B. The major components of tax expense (income) were as follows:

Tax expense (income) recognized in profit or loss

	<u>For the years ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Current tax expense (income):		
Current income tax charge	\$271,743	\$185,788
Adjustments in respect of current income tax of prior periods	2	4,576
Others	129	2,648
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	194,669	30,910
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	-	(5,838)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	(103,290)	-
Deferred tax expense arising from write-down of deferred tax assets	168,417	17,545
Total tax expense (income)	<u>\$531,670</u>	<u>\$235,629</u>

Income tax related to components of other comprehensive income

	<u>For the years ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$(4,912)	\$(4,717)
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(16,983)	-

	For the years ended December 31	
	2018	2017
Exchange differences on translation	(43,395)	12,707
Unrealized gains (losses) on valuation of available-for-sale financial assets	-	(16)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(23,126)	(13,100)
Other components of other comprehensive income that will be reclassified to profit or loss	(73)	(21)
Income tax relating to components of other comprehensive income	<u>\$(88,489)</u>	<u>\$(5,147)</u>

C. A reconciliation of income before income tax and income tax expense recognized in profit or loss were as follows:

	For the years ended December 31	
	2018	2017
Accounting profit before tax from continuing operations	<u>\$1,517,417</u>	<u>\$921,906</u>
Tax at the domestic rates applicable to profits in the country concerned (2018:20% ; 2017:17%)	\$303,483	\$156,724
Tax effect of revenues exempt from taxation	(186,190)	(417,721)
Tax effect of expenses not deductible for tax purposes	12,171	44,400
Tax effect of deferred tax assets/liabilities	261,949	74,624
10% tax on undistributed earnings	3,665	63,269
Tax effect of statutory rate difference in foreign jurisdiction	182,495	105,204
Deferred tax income relating to changes in tax rate	(103,290)	-
Income tax adjustments on prior years	2	4,576
Others	<u>57,385</u>	<u>204,553</u>
Total income tax expense	<u>\$531,670</u>	<u>\$235,629</u>

D. Significant components of deferred income tax assets and liabilities were as follows:

For the year ended December 31, 2018:

			Recognized in other		
	Beginning balance	Recognized in profit or loss	comprehensive income	Exchange difference	Ending balance
Temporary differences					
<u>Deferred tax assets</u>					
Investments accounted for using the equity method	\$254,137	\$99,580	\$-	\$-	\$353,717
Exchange difference on translation	84,128	-	15,962	-	100,090
Non-current liability – defined benefit liability, net	100,166	-	11,228	-	111,394
Unused tax losses	1,603,817	110,519	-	(86)	1,714,250
Others	313,410	(19,740)	46,822	34,272	374,764
<u>Deferred tax liabilities</u>					
Investments accounted for using the equity method	(1,121,585)	(299,661)	-	-	(1,421,246)
Revaluation on land	(209,505)	-	-	-	(209,505)
Gains recognized in bargain purchase transaction	(285,232)	(50,334)	-	-	(335,566)
Others	(189,581)	(100,160)	14,477	19,236	(256,028)
Deferred income tax benefit (expense)		<u>\$ (259,796)</u>	<u>\$88,489</u>	<u>\$53,422</u>	
Net offset balance of deferred tax assets (liabilities)	<u>\$549,755</u>				<u>\$431,870</u>
Reported in balance sheets:					
Deferred tax assets	<u>\$2,355,658</u>				<u>\$2,654,215</u>
Deferred tax liabilities	<u>\$(1,805,903)</u>				<u>\$(2,222,345)</u>

Note 1: The opening balance of deferred tax assets included adjustment of increase in the amount of \$4,326 thousand made on January 1, 2018 as a result of first-time adoption of IFRS 9. Please refer to Note 3 for more details of relevant adjustment.

Note 2: The balances of individual temporary differences less than \$100,000 thousand were consolidated in the disclosure.

For the year ended December 31, 2017:

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	Ending balance
Temporary differences					
<u>Deferred tax assets</u>					
Investments accounted for using the equity method	\$192,145	\$61,992	\$-	\$-	\$254,137
Exchange difference on translation	101,441	-	(17,313)	-	84,128
Non-current liability – defined benefit liability, net	96,498	-	3,668	-	100,166
Unused tax losses	1,625,067	(21,250)	-	-	1,603,817
Others	306,320	18,412	(2,680)	(12,968)	309,084
<u>Deferred tax liabilities</u>					
Investments accounted for using the equity method	(1,035,564)	(86,021)	-	-	(1,121,585)
Revaluation on land	(209,505)	-	-	-	(209,505)
Gains recognized in bargain purchase transaction	(285,232)	-	-	-	(285,232)
Others	(194,803)	(15,750)	21,472	(500)	(189,581)
Deferred income tax benefit (expense)		<u>\$ (42,617)</u>	<u>\$ 5,147</u>	<u>\$ (13,468)</u>	
Net offset balance of deferred tax assets (liabilities)	<u>\$596,367</u>				<u>\$545,429</u>
Reported in balance sheets:					
Deferred tax assets	<u>\$2,321,471</u>				<u>\$2,351,332</u>
Deferred tax liabilities	<u>\$ (1,725,104)</u>				<u>\$ (1,805,903)</u>

Note: The balances of individual temporary differences less than \$100,000 thousand were consolidated in the disclosure.

E. The following table contains information of the unused tax losses of the Group:

Year	Unused tax losses as of December 31		Expiration year
	2018	2017	
2008	\$-	\$22,109	2018
2009	178,550	178,550	2019
2011	3,427,836	3,487,226	2021
2013	2,747,727	2,760,528	2023
2014	4,750,279	4,772,760	2024
2015	25,721	26,827	2025
2016	125,899	130,649	2026
2017	470,112	465,928	2027
2018	490,664	-	2028
	<u>\$12,216,788</u>	<u>\$11,844,577</u>	

F. Unrecognized deferred tax assets

As of December 31, 2018 and 2017, deferred tax assets that had not been recognized amounted to \$3,632,442 thousand and \$2,403,848 thousand, respectively.

G. The assessment of income tax returns

The assessment of the income tax returns of the Company and its subsidiaries in Taiwan were as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2016
Crownpo Technology Inc.	Assessed and approved up to 2016
Cal-Comp Biotech Co., Ltd.	Assessed and approved up to 2016
XYZprinting, Inc.	Assessed and approved up to 2016
Jipo Investment Co., Ltd.	Assessed and approved up to 2016
Cal-Comp Electronics & Communications Co., Ltd.	Assessed and approved up to 2016
CastleNet Technology Inc.	Assessed and approved up to 2016
QBit Semiconductor Ltd.	Assessed and approved up to 2017
Cal-Comp Big Data, Inc.	Assessed and approved up to 2017
New Era AI Robotic Inc.	Assessed and approved up to 2017

(31) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the Group by the weighted average number of ordinary shares outstanding during the year.

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

	For the years ended December 31	
	2018	2017
Basic earnings per share		
Profit, attributed to owners of parents (in thousands of NTD)	\$550,382	\$382,629
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	1,351,533	1,374,489
Basic earnings per share (NTD)	\$0.41	\$0.28

Note: Considering that the potential ordinary shares, if converted to ordinary shares will not result in a significant dilution effect and the diluted earnings per share would equal to basic earnings per share, the Company disclosed basic earnings per share only for the years ended December 31, 2018 and 2017.

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial report date and the date the financial statements were authorized for issue.

(32) Business combinations

In October and November 2018, the subsidiary of the Company, Crownpo Technology Inc., acquired 54.69% of the shares of and obtained control of Tien-Cheng Advanced Materials Co., Ltd. through capital injection and acquisition. The main business of Tien-Cheng Advanced Materials Co., Ltd. is developing high electrical conductivity and electroplating aluminum paste.

A. Calculation of fair value of the identifiable assets and liabilities at the date of acquisition

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$5,152
Other current asset	989
Property, plant and equipment	13,652
Intangible assets—Patents	6,184
Intangible assets—Know-how	4,000
Deferred tax asset and other assets	1,736
Liabilities	
Other payables and other current liabilities	<u>(2,695)</u>
Identifiable net assets	<u><u>\$29,018</u></u>

The identifiable intangible assets acquired were patents and know-how evaluated under relief from royalty method and excess earnings' net present value method, respectively, by an independent evaluation institution considering the technology content and competitive dominance of the patents and know-how using 14.80% and 15.80% as discount rate, respectively. The fair values of the aforementioned intangible assets were \$6,000 thousand and \$4,000 thousand, respectively.

If Crownpo Technology Inc. obtains, within one year of the acquisition date, new information related to the facts or situation existing at the date of acquisition that could cause adjustment to the amount disclosed above or any additional liability provisions, Crownpo Technology Inc. would need to modify the accounting treatment of the acquisition.

B. Calculation of Goodwill

Purchase consideration	\$23,000
Add: non-controlling interests at fair value (identifiable net assets at the proportion of the non-controlling interests)	13,148
Less: identifiable net assets at fair value	<u>(29,018)</u>
Goodwill	<u>\$7,130</u>

The goodwill comprises the value of Tien-Cheng Advanced Materials Co., Ltd.'s human resource with electronical engineering and material science background and the corporate shareholders that could provide equipments for component manufacturing and reliability testing. The expected synergies arises from the technical cooperation of Tien-Cheng Advanced Materials Co., Ltd. and Crownpo Technology Inc.

C. Cash flows on acquisition

Net cash acquired with the subsidiary	\$5,152
Transaction costs of the acquisition	<u>(23,000)</u>
Net cash flow on acquisition	<u>\$(17,848)</u>

(33) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and operation	As of December 31	
		2018	2017
Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	53.01%	53.01%

A. Accumulated balances of material non-controlling interest:

	As of December 31	
	2018	2017
Cal-Comp Electronics (Thailand) Public Company Limited	<u>\$9,571,745</u>	<u>\$9,737,969</u>

- B. Profit (loss) for the years ended December 31, 2018 and 2017 allocated to material non-controlling interest:

	For the years ended December 31	
	2018	2017
Cal-Comp Electronics (Thailand) Public Company Limited	\$209,178	\$399,540

- C. The summarized financial information of Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries was provided below. This information was based on amounts before inter-company eliminations.

- (a) Summarized information of profit or loss for the years ended December 31, 2018 and 2017:

	For the years ended December 31	
	2018	2017
Operating revenue	\$105,691,730	\$95,245,911
Profit (loss) from continuing operations	475,116	802,559
Total comprehensive income	(642,744)	1,175,728

- (b) Summarized information of financial position as of December 31, 2018 and 2017:

	As of December 31	
	2018	2017
Current assets	\$45,127,836	\$38,557,975
Non-current assets	16,305,797	16,365,860
Current liabilities	(38,479,542)	(34,305,803)
Non-current liabilities	(6,177,447)	(3,457,823)

- (c) Summarized cash flows information for the years ended December 31, 2018 and 2017:

	For the years ended December 31,	
	2018	2017
Operating activities	\$2,524,647	\$(1,974,399)
Investing activities	(2,973,082)	(2,345,964)
Financing activities	1,201,925	3,837,880
Net increase (decrease) in cash and cash equivalents	332,384	64,323

7. Related party transactions

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

Name and Relationship of Related Parties

<u>Name of the related parties</u>	<u>Relationship with the Group</u>
Kinpo Group Management Service Company	Associate
AcBel Polytech Inc.	Associate
AcBel Electronic (Wuhan) Co., Ltd.	Associate
Acbel Polytech Holdings Inc.	Associate
Power Station Holding Ltd.	Associate
iHELPER Inc.	Associate
Teleport Access Services, Inc.	Associate
SaveCom International Inc.	Associate
Shanghai Chuang Ge Education Technology Co., Ltd.	Associate
Compal Electronics, Inc.	Substantive related party
Compal Information (Kunshan) Co., Ltd.	Substantive related party
Compal Information Technology (Kunshan) Co., Ltd.	Substantive related party
Compal Electronics Technology (Kunshan) Co., Ltd.	Substantive related party
Compal Display Electronics (Kunshan) Co., Ltd.	Substantive related party
Compal Internet Information (Kunshan) Co., Ltd.	Substantive related party
Compal Electronics, (ChongQing) Co., Ltd.	Substantive related party
Compal Electronics, (ChengDu) Co., Ltd.	Substantive related party
LCFC (Hefei) Electronics Technology Co.,Ltd	Substantive related party
Chongqing Yipal Smart Electronic Device Co., Ltd	Substantive related party
Tatung Technology (Suzhou) Incorporated	Substantive related party
Metal Component Engineering Limited	Substantive related party
GEBO Limited	Substantive related party
Dawning Leading Technology Inc. (Note)	Substantive related party
Infinite Education Co., Ltd.	Substantive related party
Hebao Investment Co., Ltd.	Substantive related party
Mojoose Inc.	Substantive related party
Shyh-Yong, Shen	Key management personnel

Note: Dawning Leading Technology Inc. was dissolved after the merger in December 2018.

Significant transactions with the related parties

Where the transaction amount or balance with any single related party reaches 10% or more of the Group's total transaction amount or balance of that type of transaction, the name of each such related party shall be individually disclosed. The remaining amounts not up to the above standards were aggregated as others.

(1) Sales

	For the years ended December 31	
	2018	2017
Associates		
Others	\$7,196	\$1,065
Substantive related parties		
Compal Information Technology (Kunshan) Co., Ltd.	33,705	379,756
Compal Display Electronics (Kunshan) Co., Ltd.	28,626	9,731
Compal Internet Information (Kunshan) Co., Ltd.	21,493	26,057
Compal Information (Kunshan) Co., Ltd.	18,146	38,773
Compal Electronics, (ChengDu) Co., Ltd.	19,764	42,880
Others	15,501	73,650
Key management personnel		
Others	149	184
Total	<u>\$144,580</u>	<u>\$572,096</u>

The terms for sales to related parties were not significantly different from those of sales to third parties. The collection period was about 90~120 days after sales.

(2) Purchases

	For the years ended December 31	
	2018	2017
Associates		
AcBel Polytech Inc.	\$519,168	\$400,709
Substantive related parties		
Others	16,778	12,702
Total	<u>\$535,946</u>	<u>\$413,411</u>

The purchase prices from related parties were close to the general trading price and payment term were about 30~90 days after purchase.

(3) Accounts receivable

	As of December 31	
	2018	2017
Associates		
Others	\$6,210	\$822

	As of December 31	
	2018	2017
Substantive related parties		
Compal Information Technology (Kunshan) Co., Ltd.	\$11,212	\$152,892
Compal Display Electronics (Kunshan) Co., Ltd.	13,193	2,640
Compal Information (Kunshan) Co., Ltd.	9,088	14,655
Compal Internet Information (Kunshan) Co., Ltd.	9,739	9,393
Compal Electronics (ChengDu) Co., Ltd.	10,212	28,560
Others	6,200	33,075
Key management personnel		
Others	6	-
Total	<u>\$65,860</u>	<u>\$242,037</u>

(4) Other receivables

	As of December 31	
	2018	2017
Associates		
AcBel Electronic (Wuhan) Co., Ltd.	\$-	\$250
Others	44	8
Substantive related parties		
Metal Component Engineering Limited	31,239	-
Mojoose Inc.	4,436	-
Total	<u>\$35,719</u>	<u>\$258</u>

(5) Accounts payable

	As of December 31	
	2018	2017
Associates		
AcBel Polytech Inc.	\$116,841	\$51,580
Substantive related parties		
Others	3,996	3,367
Total	<u>\$120,837</u>	<u>\$54,947</u>

(6) Other payables

	As of December 31	
	2018	2017
Associates		
AcBel Polytech Inc.	\$87,462	\$1
Kinpo Group Management Service Company	-	392
SaveCom International Inc.	433	194

		As of December 31	
		2018	2017
Substantive related parties			
Others		\$-	\$63
Key management personnel			
Others		-	54
Total		<u>\$87,895</u>	<u>\$704</u>

(7) Property transactions

A. Purchase

		For the years ended December 31	
		2018	2017
Associates			
AcBel Polytech Inc.		\$165	\$367
Substantive related parties			
Dawning Leading Technology Inc.		-	5,346
Total		<u>\$165</u>	<u>\$5,713</u>

The purchase prices from related parties were close to the general trading price and payment term were about 30~90 days after purchase.

B. Sell

For the year ended December 31, 2018

Associates				
	Nature	Selling Price	Selling Cost	Gains (losses)
Acbel Electronics (Wuhan) Co., Ltd.	Machinery and Miscellaneous equipment	<u>\$12,197</u>	<u>\$9,712</u>	<u>\$2,485</u>

For the year ended December 31, 2017

Associates				
	Nature	Selling Price	Selling Cost	Gains (losses)
Acbel Electronics (Wuhan) Co., Ltd.	Miscellaneous equipment	<u>\$214</u>	<u>\$-</u>	<u>\$214</u>

(8) Operating lease

The details of rental revenues from related parties were as follows:

		For the years ended December 31	
	Nature	2018	2017
Associates			
Kinpo Group Management Service Company	Office building and network equipment	\$664	\$664
iHELPER Inc.	Office building	1,030	-
Others	Office building	57	57
Substantive related parties			
GEBO Limited	Office building	165	288
Total		<u>\$1,916</u>	<u>\$1,009</u>

Rental revenue was based on the market price and is received on a monthly basis.

(9) Others

A. Revenue from rendering of service

		For the years ended December 31	
		2018	2017
Associates			
Kinpo Group Management Service Company		<u>\$240</u>	<u>\$240</u>

The above-mentioned revenue from rendering of service was generated from providing information service.

B. Compensation of key management personnel

		For the years ended December 31	
		2018	2017
Short-term employee benefits		\$167,220	\$164,677
Post-employment benefits		6,735	2,288
Share-based payments		4,662	13,605
Total		<u>\$178,617</u>	<u>\$180,570</u>

8. Assets pledged as security

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

Assets pledged for security	Carrying amount as of December 31		Secured liabilities
	2018	2017	
Buildings and structures	\$107,071	\$123,955	Current borrowings
Long-term prepaid rent (presented in other non-current assets)	7,150	7,508	Current borrowings
Time deposit (presented in other current assets)	(Note)	16,273	Current borrowings
Time deposit (presented in financial current assets at amortized cost)	31,950	-	Current borrowings
Machinery & other equipment	566,920	265,246	Current and non-current borrowings
Total	<u>\$713,091</u>	<u>\$412,982</u>	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

9. Commitments and contingencies

- (1) As of December 31, 2018, the Group provided endorsement and guarantee to subsidiaries were amounted to USD 697,900 thousand and NTD 250,000 thousand.
- (2) As of December 31, 2018, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to NTD 80,000 thousand to Cal-Comp Big Data, Inc. (hereinafter called " Cal-Comp Big Data "), the declaration was as follows:
 - A. The Company commits to hold directly or indirectly no less than 70% of total Cal-Comp Big Data's outstanding shares.
 - B. The Company commits to maintain management and control over Cal-Comp Big Data.
 - C. The Company commits to support Cal-Comp Big Data all the necessary resources (including but not limited to finance, personnel and technology), and ensure that Cal-Comp Big Data operates normally and complies with its obligations.
 - D. The Company commits that in case of default, the Company should take a necessary action to promote Cal-Comp Big Data to fulfill its repayment obligation.

- (3) As of December 31, 2018, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to NTD 330,000 thousand to XYZprinting, Inc. (hereinafter called "XYZprinting"), the declaration was as follows:
- A. The Company commits to hold directly or indirectly no less than 70% of total XYZprinting's outstanding shares together with its associate Cal-Comp Electronics (Thailand) Public Company Limited.
 - B. The Company commits to maintain management and control over XYZprinting.
 - C. The Company commits to support XYZprinting all the necessary resources (including but not limited to finance, personnel and technology), and ensure that XYZprinting operates normally and complies with its obligations.
 - D. The Company commits that in case of default, the Company should take a necessary action to promote XYZprinting to fulfill its repayment obligation.
- (4) As of December 31, 2018, the Company issued declaration statement to the lending bank related to comprehensive loan facilities amounting to USD 108,000 thousand and PHP 2,450,000 thousand to Kinpo Electronics (Philippines), Inc., the declaration was as follows:
- A. The Company commits to hold directly or indirectly no less than 90% of total Kinpo Electronics (Philippines), Inc.'s outstanding shares.
 - B. The Company commits to maintain management and control over Kinpo Electronics (Philippines), Inc.
 - C. The Company commits to support Kinpo Electronics (Philippines), Inc. all the necessary resources (including but not limited to finance, personnel and technology), and ensure that Kinpo Electronics (Philippines), Inc. operates normally and complies with its obligations.
 - D. The Company commits that in case of default, the Company should take a necessary action to promote Kinpo Electronics (Philippines), Inc. to fulfill its repayment obligation.
- (5) As of December 31, 2018 and 2017, the Group's subsidiaries had outstanding commitments in respect of purchase of the construction of factory building and acquisition of machinery which were as follows:

	(In thousands)	
	As of December 31	
	2018	2017
THB	\$92,000	\$8,000
USD	31,348	38,300
JPY	2,000	78,000
CNY	1,000	2,000
PHP	585,000	18,000

(6) Operating lease commitment

Further minimum lease payments (within tax) required under non-cancellable operating lease contracts of the Group and its subsidiaries were as follows:

	As of December 31	
	2018	2017
Not exceed 1 year	\$230,867	\$195,489
Over 1 year but not exceed 5 years	277,079	367,899
Exceed 5 years	9,119	-
Total	<u>\$517,065</u>	<u>\$563,388</u>

(7) Other commitment

As of December 31, 2018, the Group's subsidiaries had outstanding commitments of NTD 30,000 thousand, MYR 22,000 thousand and INR 104,000 thousand in respect of uncalled portion of investments.

(8) Agreements for hire of production of molds

As of December 31, 2018 and 2017, the Group's subsidiaries had outstanding commitments with domestics and overseas suppliers in respect of agreements for hire of production of molds were as follows:

	(In thousands)	
	As of December 31	
	2018	2017
THB	\$5,000	\$3,000
USD	3,000	7,000

(9) Guarantees

As of December 31, 2018, there were outstanding bank guarantees of approximately THB 355,000 thousand, and MYR 1,000 thousand issued by the banks on behalf of the Group's subsidiaries in respect of certain performance bonds as required in the normal course of business.

10. Losses due to major disasters

None.

11. Significant subsequent events

- (1) The Company resolved the following agenda at the Board of Directors' meeting held on March 8, 2019:
- A. The Company's treasury shares purchased in 2015 are going to be expired with the time limit of 3 years. The Company will retire 1,223 thousand shares of its treasury shares in accordance with law and the expected date of retirement is March 12, 2019.
- (2) The Company resolved the following agenda at the Board of Directors' meeting held on March 28, 2019:
- A. The Company resolved the earnings distribution of 2018. Please refer to Note 6(22) for more details.
- B. The Company will issue declaration statement to the lending banks for its subsidiaries, Cal-Comp Technology Philippines Inc. and XYZprinting Inc., for the loan amounting to USD 5,000 thousand (newly issued) and NTD 70,000 thousand (extended), respectively.

12. Others

(1) Financial instruments

Financial assets

	As of December 31	
	2018	2017
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$809,094	(Note 1)
Financial assets at fair value through other comprehensive income (including non-current)	4,107,843	(Note 1)
Available-for-sale financial assets (Note 2)	(Note 1)	\$5,175,721
Financial assets at amortised cost		(Note 1)
Cash and cash equivalents	6,522,707	
Financial assets at amortised cost (including non-current)	251,541	
Notes receivable	30,389	
Accounts receivable (including due from related party)	28,741,159	
Other receivables (including due from related parties)	1,613,146	
Subtotal	37,158,942	

	As of December 31	
	2018	2017
Loans and receivables	(Note 1)	
Cash and cash equivalents		\$7,475,163
Investment in debt instrument without active market (including non-current)		352,211
Notes receivable		86,048
Accounts receivable (including due from related parties)		25,974,546
Other receivables (including due from related parties)		1,911,249
Other current assets (Note 3)		16,273
Subtotal		35,815,490
Total	\$42,075,879	\$40,991,211

Note 1: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Note 2: Balances as of December 31, 2017 included financial assets at cost.

Note 3: Other current assets was time deposit due more than 3 months.

Financial liabilities

	As of December 31	
	2018	2017
Financial liabilities at amortized cost:		
Current borrowings	\$24,133,436	\$21,379,200
Short-term notes and bills payable	839,302	1,175,071
Notes payable	10,606	3,963
Accounts payable (including to related parties)	26,632,789	21,718,083
Other payables (including to related parties)	3,494,182	2,685,175
Non-current borrowings (including current portion)	13,190,943	10,761,295
Subtotal	68,301,258	57,722,787
Financial liabilities at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	560	(Note 1)
Held for trading	(Note 1)	6,872
Total	\$68,301,818	\$57,729,659

Note 1: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

(2) Financial risk management objectives

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

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

(3) Market risk

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

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

Foreign currency risk

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

The Group reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts are to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates. The information of the sensitivity analysis, please refer to Note 12(10).

Interest rate risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments with variable interest rates. At the balance sheet date, an increase or a decrease of 5 basis points of interest rate could cause the profit for the years ended December 31, 2018 and 2017 to decrease/increase by \$19,082 thousand and \$16,658 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets at fair value through other comprehensive income (under held for trading financial assets or available-for-sale financial assets as at December 31, 2017). The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

For the year ended December 31, 2017, a decrease of 1% in the price of the listed companies stocks classified as available-for-sale could decrease profit or equity by \$46,257 thousand. An increase of 1% in the price of the listed companies stocks would only affect equity but not the profit or loss.

For the year ended December 31, 2018, an increase/decrease of 1% in the price of the listed companies stocks classified as investments in equity instruments measured at fair value through other comprehensive income could have an impact of \$28,767 thousand on equity.

(4) Credit risk management

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

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

As of December 31, 2018 and 2017, the top three receivables from counter parties represented 39.51% and 39.10% of the total receivables of the Group, respectively. The credit concentration risk of other receivables was insignificant.

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

The Group adopted IFRS 9 to assess the expected credit losses since January 1, 2018. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	1 to 2 years	2 to 5 years	Total
<u>As of December 31, 2018</u>				
Current borrowings (including interest to be paid)	\$24,893,914	\$-	\$-	\$24,893,914
Short-term notes and bills payable	840,000	-	-	840,000
Notes payable	10,606	-	-	10,606
Accounts payable (including to related parties)	26,632,789	-	-	26,632,789
Other payables (including to related parties)	3,494,182	-	-	3,494,182
Non-current borrowings (including interest to be paid)	1,550,805	5,353,209	7,111,670	14,015,684
	Less than 1 year	1 to 2 years	2 to 5 years	Total
<u>As of December 31, 2017</u>				
Current borrowings (including interest to be paid)	\$21,824,134	\$-	\$-	\$21,824,134
Short-term notes and bills payable	1,176,000	-	-	1,176,000
Notes payable	3,963	-	-	3,963
Accounts payable (including to related parties)	21,718,083	-	-	21,718,083
Other payables (including to related parties)	2,685,175	-	-	2,685,175
Non-current borrowings (including interest to be paid)	557,491	4,550,849	5,965,490	11,073,830

Derivative financial liabilities

The derivative financial liabilities of the Group as of December 31, 2018 and 2017 were due within one year.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2018:

	Current	Short-term notes	Non-current borrowings (including current portion)	Total liabilities from financing activities
	borrowings	and bills payable		
As of January 1, 2018	\$21,379,200	\$1,175,071	\$10,761,295	\$33,315,566
Cash flows	2,155,163	(336,000)	2,301,924	4,121,087
Discount and premium movement	-	231	-	231
Foreign exchange movement	599,073	-	127,724	726,797
As of December 31, 2018	<u>\$24,133,436</u>	<u>\$839,302</u>	<u>\$13,190,943</u>	<u>\$38,163,681</u>

Reconciliation of liabilities for the year ended December 31, 2017: Not applicable.

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

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

- (a) The carrying amount of cash and cash equivalents, accounts receivable (including due from related parties), other receivables (including due from related parties), accounts payable (including related parties), other payables (including related parties) and other current liabilities approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates and bonds etc.) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

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

B. Fair value of financial instruments measured at amortized cost

Among the Group's financial assets and financial liabilities measured at amortized cost, other than cash and cash equivalents, financial assets at amortised cost (investments in debt instrument without active market before January 1, 2018), accounts receivable (including due from related parties), other receivables (including due from related parties), current borrowings, short-term notes and bills payable, accounts payable (including related parties), other payables (including related parties), other current liabilities and non-current borrowings, the carrying amount approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivatives financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of December 31, 2018 and 2017 were as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below listed the information related to forward currency contracts:

As of December 31, 2018

Items	Notional Amount	Exchange	Contract Period
		Currency	
Forward currency contract	Buy USD 70,000 thousand	BRL	From January 10, 2019 to January 31, 2019

As of December 31, 2017

Items	Notional Amount	Exchange	Contract Period
		Currency	
Forward currency contract	Buy USD 71,000 thousand	BRL	From January 19, 2018 to January 31, 2018

The counterparties for the aforementioned derivatives transactions were well known local or overseas banks, as they had sound credit ratings, the credit risk was insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

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

B. Fair value measurement hierarchy of the Group's assets and liabilities

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

As of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Financial assets:				
At fair value through profit or loss				
Structured Deposit	\$-	\$-	\$809,094	\$809,094
At fair value through other comprehensive income				
Equity instrument investments measured at fair value through other comprehensive income	2,876,709	-	1,231,134	4,107,843
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Derivatives not designated as hedging instruments	-	560	-	560

As of December 31, 2017:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets				
Stocks	\$3,819,093	\$-	\$806,630	\$4,625,723
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	6,872	-	6,872

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

The movements during the period was as follows:

	Assets		
	At fair value through profit and loss	At fair value through other comprehensive income	
		Structured Deposit	Total
Beginning balances as of January 1, 2018	\$-	\$806,630	\$806,630
Reclassification due to initial application of IFRS 9	-	495,840	495,840
Total gains and losses recognized for the year ended December 31, 2018:			
Amount recognized in profit (presented in “other profit (loss)”))	21,881	-	21,881
Amount recognized in OCI (presented in “Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income”)	-	(273,782)	(273,782)
Acquisition for the year ended December 31, 2018 (including transferred in from prepayments for investments)	2,607,108	182,370	2,789,478
Disposal for the year ended December 31, 2018	(1,792,771)	-	(1,792,771)
Capital reduction for the year ended December 31, 2018	-	(676)	(676)
Effect of exchange rate changes	(27,124)	20,752	(6,372)
Ending balances as of December 31, 2018	\$809,094	\$1,231,134	\$2,040,228

	Assets	
	Available-for-sale financial assets	
	Stocks	
Beginning balances as of January 1, 2017	\$996,550	
Total gains and losses recognized for the year ended December 31, 2017:		
Amount recognized in profit (presented in “other profit (loss)”))	-	
Amount recognized in OCI (presented in “Unrealized gains (losses) from available-for-sale financial assets”)	(182,880)	
Disposal/settlements for the year ended December 31, 2017	(7,040)	
Ending balances as of December 31, 2017	\$806,630	

Information on significant unobservable inputs to valuation

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

As of December 31, 2018

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial assets:					
At fair value through profit and loss					
Structured deposit	Market approach	Price of the structured deposit	-	-	Structured deposit is a monetary transaction, therefore it's value is equal to fair value
At fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	1.66	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by \$12,311 thousand

As of December 31, 2017

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
Financial assets:					
Available-for-sale					
Stocks	Market approach	Discount for lack of marketability	1.98	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in decrease (increase) in the Group's equity by \$8,066 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's finance department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value was disclosed

As of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Financial assets did not measured at fair value but for which the fair value was disclosed:				
Financial assets measured at amortized cost				
Bonds	\$-	\$-	\$203,885	\$203,885
Time deposit	-	47,656	-	47,656
Investments accounted for using equity method (Note1)	2,358,511	-	-	2,358,511
Investment property (Note2)	-	-	165,082	165,082
Financial liabilities did not measured at fair value but for which the fair value was disclosed:				
Non-current borrowings (including current portion)	-	13,190,943	-	13,190,943

As of December 31, 2017:

	Level 1	Level 2	Level 3	Total
Financial assets did not measured at fair value but for which the fair value was disclosed:				
Investments in debt instruments without active market				
Bonds	\$-	\$-	\$352,211	\$352,211
Investments accounted for using equity method (Note1)	2,776,553	-	-	2,776,553
Investment property (Note2)	-	-	234,311	234,311
Financial liabilities did not measured at fair value but for which the fair value was disclosed:				
Non-current borrowings (including current portion)	-	10,761,295	-	10,761,295

Note 1: Please refer to Note 6(12) for more detailed information for the investments in associates.

Note 2: Please refer to Note 6(14) for more detailed information for the investment property.

(10) Significant assets and liabilities denominated in foreign currencies

(In thousands)					
As of December 31, 2018					
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Sensitivity analysis Fluctuation	Effect on income
<u>Financial assets Monetary items</u>					
USD	\$654,334	30.7150	\$20,097,863	0.5%	\$100,489
CNY	299,466	4.4753	1,340,202	0.5%	6,701
JPY	195,229	0.2783	54,322	0.5%	272
EUR	1,790	35.2117	63,016	0.5%	315
<u>Financial liabilities Monetary items</u>					
USD	760,037	30.7150	23,344,554	0.5%	116,723
CNY	576,900	4.4753	2,581,802	0.5%	12,909
EUR	1,705	35.2117	60,025	0.5%	300

(In thousands)

As of December 31, 2017					
	Foreign currencies	Exchange rate	Carrying amount (NTD)	Sensitivity analysis	
				Fluctuation	Effect on income
<u>Financial assets Monetary items</u>					
USD	\$778,623	29.7600	\$23,171,835	0.5%	\$115,859
CNY	258,848	4.5545	1,178,922	0.5%	5,895
JPY	283,915	0.2642	75,010	0.5%	375
EUR	2,972	35.5721	105,704	0.5%	529
<u>Financial liabilities Monetary items</u>					
USD	803,694	29.7600	23,917,930	0.5%	119,590
CNY	442,916	4.5545	2,017,261	0.5%	10,086
JPY	11,594	0.2642	3,063	0.5%	15

The Group's foreign currency transactions were denominated in multiple currency; therefore, the information of the foreign exchange gains (losses) of monetary assets and liabilities denominated by each currency was not applicable for disclosure. For the years ended December 31, 2018 and 2017, the Group's significant monetary financial assets and liabilities denominated in foreign currencies incurred foreign exchange gains (losses) (including realized and unrealized) of \$177,167 thousand and \$(235,214) thousand, respectively.

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

(11) Capital management

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

13. Other disclosure

(1) Information at significant transactions (portion of transactions were eliminated upon consolidation)

A. Financings provided to others, please refer to table 1 for more details.

B. Endorsements/guarantees provided to others, please refer to table 2 for more details.

- C. Marketable securities held (not including subsidiaries, associates and joint ventures), please refer to table 3 for more details.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock, no such circumstances.
 - E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, please refer to table 5 for more details.
 - F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances.
 - G. Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital, please refer to table 6 for more details.
 - H. Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital, please refer to table 7 for more details.
 - I. Derivative instruments transactions, please refer to Note 6 and Note 12 for more details.
 - J. Significant intercompany transactions between consolidated entities, please refer to table 8 for more details.
- (2) Information on investees (portion of investees information were eliminated upon consolidation)
- A. Financings provided to others, please refer to table 1 for more details.
 - B. Endorsements/guarantees provided to others, please refer to table 2 for more details.
 - C. Marketable securities held (not including subsidiaries, associates and joint ventures), please refer to table 3 for more details.
 - D. Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock, please refer to table 4 for more details.
 - E. Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, please refer to table 5 for more details.
 - F. Disposal of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital, no such circumstances.

G. Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital, please refer to table 6 for more details.

H. Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital, please refer to table 7 for more details.

I. Derivative instruments transactions, please refer to Note 6 and Note 12 for more details.

J. Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China), please refer to table 9 for more details.

(3) Information on investments in Mainland China (Eliminated upon consolidation)

A. Names, main business, paid-in capital, method of investment, investment flows, percentage of ownership, share of profits (losses), carrying amount at the end of the period, accumulated inward remittance of earnings and the upper limit of investment, please refer to table 10 for more details.

B. Significant transactions with investee in Mainland China

Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to tables 6 to 8 for more details.

14. Segment information

		For the year ended December 31, 2018			
		Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer		\$129,222,849	\$3,609,795	\$-	\$132,832,644
Segment profit		\$181,888	\$803,859	\$-	\$985,747

		For the year ended December 31, 2017			
		Consuming electronic products	Other operating segments	Adjustment and elimination	Consolidated
External customer		\$116,481,126	\$2,723,638	\$-	\$119,204,764
Segment profit		\$899,579	\$(213,302)	\$-	\$686,277

The Group's only reportable segment was the Consumer Electronic Products Segment. The segment mainly engages in design and manufacturing of calculator/computer, web-based communications, computer peripherals and storage products. The Group also had other segments that did not exceed the quantitative threshold. The segments mainly engage in production and sale of passive components.

The segment assets information of the Group as of December 31, 2018 and 2017 were as follows:

	Consumer electronic products	Other operating segments	Adjustment and elimination	Consolidated
December 31, 2018	\$94,248,881	\$4,898,989	\$-	\$99,147,870
December 31, 2017	\$85,483,595	\$3,855,642	\$-	\$89,339,237

The amount reported by the Group was consistent with that used by the operating decision makers. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 4. The Group uses the operating profit or loss (net of tax) as the measurement for segment profit and the basis of performance assessment.

(2) Geographical information

See the table below for the sales from the external clients of the Group categorized by the regions where the clients are and the non-current assets categorized by where they are.

	Operating income		Non-current assets	
	For the year ended December 31		As of December 31	
	2018	2017	2018	2017
Taiwan	\$121,203	\$172,572	\$1,838,141	\$1,978,536
Asia	84,871,198	75,670,726	21,543,146	20,856,780
America	44,572,163	41,253,911	1,256,594	1,672,918
Others	3,268,080	2,107,555	2,024,414	1,998,843
Total	\$132,832,644	\$119,204,764	\$26,662,295	\$26,507,077

Non-current assets were referred to property, plant and asset, investment property, intangible assets and other non-current assets, but financial instruments and deferred tax assets were not included.

(3) Production information

Production	For the years ended December 31	
	2018	2017
Consuming electronic products	\$129,222,849	\$116,481,126
Others	3,609,795	2,723,638
Total	\$132,832,644	\$119,204,764

(4) Information about major customers

Customers that contribute revenues exceeding 10% of total revenues for the years ended December 31, 2018 and 2017 were as follows:

For the year ended December 31					
2018			2017		
Customer	Sales Amount	%	Customer	Sales Amount	%
Company A	\$23,601,691	18%	Company A	\$24,540,051	21%
Company B	21,635,724	16%	Company B	21,069,992	18%
Total	<u>\$45,237,415</u>		Total	<u>\$45,610,043</u>	

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 1: Financings provided to others

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance (Passed by the Board of Directores)	Amount Acutally Drawn	Interest rate	Nature of Financing <Note2>	Transactio n Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company <Note3, 5>	Financing Company's Total Financing Amount Limits <Note4, 5>
													Item	Value		
0	Kinpo Electronics, Inc.	XYZprinting Japan, Inc.	Other receivables due from related parties	Yes	JPY 900,000 (245,040)	JPY 600,000 (164,190)	JPY 300,000 (82,740)	0.50%	2	-	Need for operating	-	-	-	\$3,141,253	\$12,565,011
0	Kinpo Electronics, Inc.	Kinpo International (Singapore) Pte. Ltd.	"	Yes	USD 25,000 (754,500)	-	-	-	2	-	Need for operating	-	-	-	3,141,253	12,565,011
1	Kinpo Electronics (China) Co., Ltd.	XYZprinting (Suzhou) Co., Ltd.	"	Yes	CNY 20,000 (93,478)	-	-	-	2	-	Need for operating	-	-	-	4,898,096	4,898,096
2	Kinpo International Ltd.	XYZprinting, Inc. (USA)	"	Yes	USD 5,000 (150,975)	USD 5,000 (150,975)	USD 5,000 (150,975)	2.35338%-2.78963%	2	-	Need for operating	-	-	-	2,316,801	2,316,801
2	Kinpo International Ltd.	Kinpo International (Singapore) Pte. Ltd.	"	Yes	USD 75,000 (2,263,500)	-	-	-	2	-	Need for operating	-	-	-	2,316,801	2,316,801
2	Kinpo International Ltd.	Cal-Comp Big Data International Ltd.	"	Yes	USD 5,000 (150,900)	USD 5,000 (150,900)	-	3M Libor+1%	2	-	Need for operating	-	-	-	2,316,801	2,316,801
3	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria de Semicondutores S.A.	"	Yes	USD 15,000 (455,438)	USD 7,500 (222,038)	USD 7,500 (222,038)	2.50%	2	-	Need for operating	-	-	-	13,335,779	13,335,779
3	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	"	Yes	USD 44,825 (1,360,045)	USD 44,825 (1,360,045)	USD 44,825 (1,360,045)	-	2	-	Need for operating	-	-	-	13,335,779	13,335,779
3	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	"	Yes	USD 40,010 (1,184,496)	USD 40,010 (1,184,496)	USD 40,010 (1,184,496)	-	2	-	Need for operating	-	-	-	13,335,779	13,335,779
3	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Philippine) Inc.	"	Yes	USD 30,000 (921,150)	USD 30,000 (921,150)	USD 20,000 (614,100)	3.8666%	2	-	Need for operating	-	-	-	13,335,779	13,335,779
4	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	"	Yes	USD 12,000 (373,440)	USD 12,000 (373,440)	-	1.50%	2	-	Need for operating	-	-	-	3,549,314	3,549,314
4	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Precision (Dongguan) Limited	"	Yes	CNY 60,000 (262,830)	CNY 60,000 (262,830)	CNY 60,000 (262,830)	3.50%	2	-	Need for operating	-	-	-	3,549,314	3,549,314
4	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	XYZprinting (Suzhou) Co., Ltd.	"	Yes	CNY 25,000 (113,980)	CNY 25,000 (113,980)	CNY 25,000 (113,980)	2.05%	2	-	Need for operating	-	-	-	3,549,314	3,549,314
5	Cal-Comp Electronis (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	"	Yes	USD 7,500 (222,038)	USD 7,500 (222,038)	USD 7,500 (222,038)	3.506%	2	-	Need for operating	-	-	-	402,531	402,531
5	Cal-Comp Electronis (USA) Co., Ltd.	Cal-Comp USA (Indiana), Inc.	"	Yes	USD 8,500 (264,520)	USD 3,500 (103,618)	USD 3,500 (103,618)	3.506%	2	-	Need for operating	-	-	-	402,531	402,531
6	Cal-Comp Technology (Philippines), Inc.	Cal-Comp Precision (Philippines), Inc.	"	Yes	USD 3,000 (93,360)	-	-	-	2	-	Need for operating	-	-	-	4,002,723	4,002,723

<Note1> The numbers filled in for the financings provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note2> The codes represent the nature of financing activities as follows:

1. Trading partner is "1".
2. Short-term financing is "2".

<Note3> Financing limits for each borrowing companies are as follows:

1. Non related party
 - (1) Trading Partners: The maximum of total financing is higher of the transaction amount during the most recent 3 months or 30% of transaction amount during current year, and shall not exceed 10% of its net worth.
 - (2) Short-term financing: The maximum of total financing is 80% of counter-party's net worth and shall not exceed 4% of its net worth.
2. Related Party
 - (1) Trading Partners: The maximum of total financing is higher of the transaction amount during the most recent 3 months or during current year, and shall not exceed 20% of its net worth.
 - (2) Short-term financing: The maximum of total financing is 20% of its net worth.
 - (3) Subsidiaries 100% held by the company: The maximum of total financing is 80% of the company's net worth.

<Note4> Financing company's total financing amount limits are as follows:

1. The maximum amount of financing to trading partners is 100% of transaction amount during current year and shall not exceed 40% of its net worth.
2. The maximum amount of short-term financing is 40% of financing company's net worth.
3. The maximum amount of short-term financing to subsidiaries 100% held by the company is 80% of the company.
4. The summary of the three situations above shall not exceed 80% of the company's net worth.

<Note5> The board of directors of Cal-Comp Electronis (USA) Co., Ltd. resolved to amend the process of financing provided to others in February 2019, the amendments are as follows:

Financing limits for each borrowing companies are as follows:

1. Related Party
 - Subsidiaries 100% held by the company: The maximum of total financing is 100% of the company's net worth.
2. Financing company's total financing amount limits are as follows:
 - (1) The maximum amount of short-term financing to subsidiaries 100% held by the company is 100% of the company.
 - (2) The summary of the three situations above shall not exceed 100% of the company's net worth.

Except for the abovementioned revise, other financing limits for each borrowing companies and financing company's total financing amount limits remained the same as Note 3 and Note 4.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 2: Endorsements/guarantees provided to others

No. <Note1>	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party <Note3>	Maximum Balance for the period	Ending Balance	Amount Actually Drawn	Amounts of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable <Note3>	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of relationship <Note2>										
0	Kinpo Electronics, Inc.	Kinpo International Ltd.	2	\$15,706,264	USD 341,500 (10,604,530)	USD 285,500 (8,699,783)	USD 109,500 (3,336,694)	\$-	55.39%	\$15,706,264	Yes	No	No
0	Kinpo Electronics, Inc.	Kinpo International (Singapore) Pte. Ltd.	2	15,706,264	USD 4,000 (122,820)	USD 4,000 (122,820)	USD 500 (15,353)	-	0.78%	15,706,264	Yes	No	No
0	Kinpo Electronics, Inc.	Cal-Comp Big Data International Ltd.	2	15,706,264	USD 13,000 (391,490)	USD 13,000 (391,490)	USD 2,900 (87,332)	-	2.49%	15,706,264	Yes	No	No
0	Kinpo Electronics, Inc.	New Era AI Robotic Inc.	2	15,706,264	200,000	200,000	60,000	-	1.27%	15,706,264	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	2	16,669,724	USD 348,000 (10,538,300)	USD 329,000 (9,917,945)	USD 188,000 (5,667,397)	-	63.15%	16,669,724	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronis (USA) Co., Ltd.	2	16,669,724	USD 30,000 (921,150)	USD 30,000 (921,150)	USD 21,000 (644,805)	-	5.86%	16,669,724	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	2	16,669,724	USD 52,630 THB 2,575,000 EUR 500 (3,956,730)	- - - -	- - - -	-	-	16,669,724	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Singapore) Limited	2	16,669,724	USD 13,000 (404,560)	USD 5,000 (146,775)	- -	-	0.93%	16,669,724	Yes	No	No
1	Cal-Comp Electronics (Thailand) Public Company Limited	Qbit Semiconductor Ltd.	2	16,669,724	USD 18,000 85,000 (619,615)	USD 18,000 50,000 (584,615)	USD 2,051 48,000 (108,920)	-	3.72%	16,669,724	Yes	No	No
2	Cal-Comp Electronics & Communication Co., Ltd.	Qbit Semiconductor Ltd.	4	272,379	USD 13,400 (393,357)	USD 13,400 (393,357)	USD 6,638 (194,865)	-	2.50%	272,379	No	No	No

<Note1> The numbers filled in for the endorsements/guarantees provided by the group or subsidiaries are as follows:

1. The Company is "0".
2. The subsidiaries are numbered in order starting from "1".

<Note2> The following code represents the relationship with the company:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

<Note3> The limit amount of endorsement/guarantee are as follows:

1. The aggregate amount of endorsement/guarantee:
 - (1) The aggregate amount of transactions of endorsement/guarantee must be less than 100% of net worth of provider company.
 - (2) The aggregate amount of endorsement /guarantee of the Company and subsidiaries should be less than 200% of the company's net worth.
 - (3) The aggregate amount of endorsements/guarantees that the Company as a whole may exceed 50% of the Company's net worth, and the Company should explain the rationality of it in the shareholders meeting.
2. The amount of endorsement/guarantee for any single entity is as follow:
 - (1) The amount of endorsement/guarantee for trading partners should be less than 30% of the total sales or purchase transactions between endonsor/guarantor and the receiving party from the previous fiscal year, and should be less than 65% of the Company's net worth.
 - (2) For subsidiaries jointly or directly owned over 50% by the company, the amount of endorsement/guarantee for the entity should be less than 100% of the company's net worth.
 - (3) For subsidiaries jointly or directly owned over 90% by the company, the amount of endorsement/guarantee for the entity should be less than 10% of the company's net worth, except for 100% owned companies. The ceiling for subsidiaries owned 100% is 100% of the Company's net worth.

<Note4> Cal-Comp Electronics (Thailand) Public Company Limited has distributed cash dividends in the 4th quarter of 2018, causing the net worth of the Company as of December 31, 2018 to decrease and the balance of the endorsements/guarantees provided by Cal-Comp Electronics & Communication Co., Ltd. to Qbit Semiconductor Ltd. to exceed the limits. This situation has been amended after the board meeting held on February 27, 2019.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 3: Marketable securities held (not including subsidiaries, associates and joint ventures)

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	As of December 31, 2018				Remark
					Share/Units	Carrying Value	Percentage of ownership	Fair Value	
0	Kinpo Electronics, Inc.	Innolux Corporation / Stock	—	Current financial assets at fair value through other comprehensive income	16,842,770	\$163,712	0.17%	\$163,712	Public: 3481
0	Kinpo Electronics, Inc.	Compal Electronics, Inc. / Stock	The Chairman of the Board is the same person	Non-current financial assets at fair value through other comprehensive income	151,628,692	2,645,921	3.44%	2,645,921	Public: 2324
0	Kinpo Electronics, Inc.	Helios Semiconductor, Inc. / Stock	—	"	110,476	969	1.82%	969	
0	Kinpo Electronics, Inc.	Taiwan Star Telecom Corp. Ltd. / Stock	—	"	98,854,105	740,417	2.35%	740,417	
0	Kinpo Electronics, Inc.	VMAX Telecom Co., Ltd. / Stock	—	"	1,000,000	-	1.00%	-	
0	Kinpo Electronics, Inc.	Norm Pacific Automation Corp. / Stock	—	"	469,240	-	1.64%	-	
0	Kinpo Electronics, Inc.	Sinonar Corp. / Stock	—	"	78	-	0.04%	-	
0	Kinpo Electronics, Inc.	Kun-Ji Venture Capital, Inc. / Stock	—	"	160,650	342	3.33%	342	
0	Kinpo Electronics, Inc.	Global Strategic Investment Inc. / Stock	—	"	735,000	22,697	3.77%	22,697	
0	Kinpo Electronics, Inc.	Prudence Capital Management Ltd. / Stock	—	"	608,440	3,525	1.00%	3,525	
0	Kinpo Electronics, Inc.	Puritron Technology Inc. / Stock	—	"	629,148	-	3.85%	-	
0	Kinpo Electronics, Inc.	Sinonar Solar Corp. / Stock	—	"	880	-	0.40%	-	
0	Kinpo Electronics, Inc.	Intergrafx Holding Ltd. / Preferred Stock	—	"	1,166,667	-	-	-	
0	Kinpo Electronics, Inc.	PChome Ventures fund / Stock	—	"	157,080	-	6.06%	-	
0	Kinpo Electronics, Inc.	NTNU Innovation Investment Holding Company / Stock	—	"	800,000	8,000	10.39%	8,000	
0	Kinpo Electronics, Inc.	iMedtac Company Limited / Stock	—	"	742,000	24,500	10.14%	24,500	
0	Kinpo Electronics, Inc.	Taiwan Star Telecom Corp. Ltd. / Ordinary corporate bond	—	Current financial assets at amortized cost	-	150,000	-	150,000	
1	Forward International Ltd.	Overseas beneficiary certificate	—	Non-current financial assets at fair value through other comprehensive income	20,933,253	211,529	-	211,529	<Note2>
2	Jipo Investment Co., Ltd.	Innolux Corporation / Stock	—	Current financial assets at fair value through other comprehensive income	4,308,238	41,876	0.04%	41,876	Public: 3481
2	Jipo Investment Co., Ltd.	Kinpo Electronics, Inc. / Stock	Parent company	Non-current financial assets at fair value through other comprehensive income	46,197,155	466,591	3.17%	466,591	Public: 2312 <Note2>
2	Jipo Investment Co., Ltd.	Taiwan Star Telecom Corp. Ltd. / Stock	—	"	6,237	-	-	-	
3	XYZprinting, Inc.	Taiwan Tech 3D Co., Ltd. / Stock	—	"	200,000	2,000	10.00%	2,000	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Metal Component Engineering Ltd. / Stock	—	"	37,805,800	THB 26,558	10.11%	THB 26,558	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Memoright Memortech Corporation / Stock	—	"	3,965,107	THB 0	3.05%	THB 0	
4	Cal-Comp Electronics (Thailand) Public Company Limited	Dawning Leading Technology Inc. / Stock	—	"	17,528,425	THB 231,036	7.65%	THB 231,036	<Note3>
4	Cal-Comp Electronics (Thailand) Public Company Limited	Nexa3D Inc. / Stock	—	"	574,456	THB 155,833	15.65%	THB 155,833	
5	Logistar International Holding Co., Ltd.	Mojoose Inc./ Convertible corporate bond	—	Non-current financial assets at amortized cost	-	THB 56,787	0.00%	THB 56,787	
6	Cal-Comp Electronics (USA) Co., Ltd.	Fellow, Inc. / Stock	—	Non-current financial assets at fair value through other comprehensive income	480,815	THB 64,900	4.72%	THB 64,900	

<Note1> The numbers filled in for the marketable securities held by the group or subsidiaries are as follows:

(1) The company is "0".

(2) The subsidiaries are numbered in order starting from "1".

<Note2> Classified as treasury stock for consolidated financial report.

<Note3> Dawning Leading Technology Inc. had resolved to merge with King Yuan Electronics Co., Ltd. in August 2018. The subsidiary of the Company has decided to exercise shareholders' objection requesting that Dawning Leading Technology Inc. buy back the shares the Group holds at fair value.

Dawning Leading Technology Inc. was dissolved after the merger on December 5, 2018. The subsidiary of the Company has applied to the court for ruling on the aforementioned fair value. However, there were no result of the ruling as of the report date.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 4: Individual securities acquired or disposed of with accumulated amount exceeding NTD 300 million or 20 percent of the capital stock

(Unit: thousands of NTD/ foreign currency)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Remark
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount	
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Technology (Philippines), Inc.	Investment accounted for using equity method	Capital increment in cash	Subsidiaries	-	-	895,638,400	USD 100,000	-	-	-	-	895,638,400	USD 131,638	<Note1, 2>
Kinpo International (Singapore) Pte. Ltd.	Kinpo Electronics (Philippines), Inc.	"	Cal-Comp Technology (Philippines), Inc.	Subsidiaries	49,260,075	USD 108,401	-	-	49,260,075	USD 100,000	USD 100,000	-	-	-	<Note1, 2>
Cal-Comp Technology (Philippines), Inc.	Kinpo Electronics (Philippines), Inc.	"	Kinpo International (Singapore) Pte. Ltd.	Parent Company	-	-	49,260,075	USD 100,000	-	-	-	-	49,260,075	USD 137,683.00	<Note1, 2>
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Philippines), Inc.	"	Capital increment in cash	Subsidiaries	14,124,685	THB 911,259	-	THB 661,200	-	-	-	-	14,124,685	THB 1,567,836	<Note1, 3>
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	YieldPlus Structured Deposit	Current financial assets/liabilities at fair value through profit or loss	Industrial Bank Co., Ltd.	—	-	-	-	CNY 260,000	-	CNY 197,107	CNY 195,000	CNY 2,107	-	CNY 65,162	<Note1>
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	YieldPlus Structured Deposit	"	China CITIC Bank	—	-	-	-	CNY 150,000	-	CNY 111,477	CNY 110,000	CNY 1,477	-	CNY 40,192	<Note1>
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	YieldPlus Structured Deposit	"	Bank of Ningbo	—	-	-	-	CNY 120,000	-	CNY 60,449	CNY 60,000	CNY 449	-	CNY 60,085	<Note1>

<Note1> The ending balance included the recognition of share of profit (loss) of associates and joint ventures accounted for using equity method and exchange differences on translation, etc.

<Note2> To work in line with the Group's long-term development, the Group adjusted its investment structure.

<Note3> Capital increased in cash in 2018. However, as of the report date, the investee has not finished the registration of the change and issued new shares.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 5: Acquisition of individual real estate properties at costs of at least NTD 300 million or 20% of the paid-in capital (Unit: thousands of NTD/ foreign currency)

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior Transactions of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Kinpo Electronics (Philippines), Inc.	Plant and dormitory	2018/01/01~2018/12/31	USD 10,585	According to the progress of project	Vistagreen Builders Inc. 、Kirby Southeast Asia Co., Ltd. & Shengfu Corporation, etc.	—	N/A	N/A	N/A	N/A	Engaging others to build on rented land	Production	N/A

<Note> Transaction date is the earlier of the date of contract signing, payment, property transferring, resolution of board of directors or other date that counter-party and transaction amount were confirmed.

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 6: Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital

(Unit: thousands of NTD/ foreign currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction Terms Different From Regular Transactions		Notes/Accounts Receivable (Payable)		Remark
			Purchase/Sales	Amount	% to Total <Note>	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total <Note>	
Kinpo Electronics, Inc.	Kinpo International Ltd.	Subsidiary	Purchases	\$1,351,525	28.43%	About 30 days	Similar to general terms and conditions	About 30 days	\$(196,332)	51.41%	
Kinpo Electronics, Inc.	Kinpo Electronics (Philippines), Inc.	Subsidiary	Purchases	3,402,043	71.56%	About 30 days	Similar to general terms and conditions	About 30 days	(185,486)	48.57%	
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subsidiary	Purchases	CNY 602,943	20.88%	—	Similar to general terms and conditions	—	(CNY 58,574)	11.90%	
Kinpo International Ltd.	Kinpo Electronics, Inc.	Parent company	Sales	CNY 591,044	94.36%	About 30 days	Similar to general terms and conditions	About 30 days	CNY 43,870	7.59%	
Kinpo Electronics (China) Co., Ltd.	Kinpo International Ltd.	Parent company	Sales	CNY 602,943	21.80%	—	Similar to general terms and conditions	—	CNY 58,574	6.05%	
XYZprinting, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Affiliated company	Purchases	428,510	95.29%	About 360 days	Similar to general terms and conditions	About 360 days	(637,248)	97.86%	
Kinpo Electronics (Philippines), Inc.	Kinpo Electronics, Inc.	Parent company	Sales	USD 114,069	29.82%	About 30 days	Similar to general terms and conditions	About 30 days	USD 6,039	7.14%	
Kinpo Electronics (Philippines), Inc.	Cal-Comp Precision (Philippine), Inc.	Affiliated company	Purchases	USD 43,254	12.90%	About 30 days	Similar to general terms and conditions	About 30 days	(USD 11,908)	18.95%	
CastleNet Technology Inc.	CastleNet Technology Inc.	Subsidiary	Purchases	375,626	21.18%	About 90-120 days	Similar to general terms and conditions	About 90-120 days	31,996	4.49%	
CastleNet Technology Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Affiliated company	Purchases	1,093,312	61.66%	About 90-120 days	Similar to general terms and conditions	About 90-120 days	(641,252)	79.79%	
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Affiliated company	Sales	THB 464,948	0.58%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 687,496	4.27%	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Subsidiary	Sales	THB 664,731	0.82%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 2,226,296	13.83%	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Subsidiary	Purchases	THB 171,453	0.22%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 170,358)	1.23%	
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subsidiary	Sales	THB 23,499,237	29.14%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 3,622,200	22.50%	
Cal-Comp Electronics (Thailand) Public Company Limited	CastleNet Technology Inc.	Affiliated company	Sales	THB 1,158,935	1.44%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 681,151	4.23%	
Cal-Comp Electronics (Thailand) Public Company Limited	AcBel Polytech Inc.	Associate	Purchases	THB 212,509	0.27%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 58,023)	0.42%	
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	Subsidiary	Purchases	THB 2,929,937	3.75%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 239,730)	1.73%	
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subsidiary	Purchases	THB 4,031,665	5.17%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 2,079,965)	15.00%	
Cal-Comp Electronics (Thailand) Public Company Limited	CastleNet Technology Inc.	Affiliated company	Purchases	THB 388,946	0.50%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 35,362)	0.26%	
Cal-Comp Electronics de Mexico. Co. SA de CV	Cal-Comp Electronics (USA) Co., Ltd.	Affiliated company	Sales	THB 334,817	91.78%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 166,430	90.78%	
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Sales	THB 5,133,827	15.39%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 2,093,045	33.55%	
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Purchases	THB 21,788,423	65.83%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 3,611,544)	39.16%	
Logistar International Holding Co., Ltd.	Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Affiliated company	Purchases	THB 3,591,925	10.85%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 1,810,051)	19.63%	
Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Sales	THB 164,808	1.85%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 169,140	6.90%	
Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Purchases	THB 683,648	9.46%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	-	-	
Cal-Comp Precision (Thailand) Limited	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Sales	THB 2,907,386	54.18%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 251,203	29.02%	
Cal-Comp Precision (Philippine), Inc.	Kinpo Electronics (Philippines), Inc.	Affiliated company	Sales	THB 1,404,704	26.18%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 387,455	44.76%	
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Logistar International Holding Co., Ltd.	Affiliated company	Sales	THB 3,707,581	96.63%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 1,789,510	99.74%	
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co., Ltd.	Affiliated company	Sales	THB 2,229,253	100.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	THB 584,153	100.00%	
Cal-Comp Electronics (USA) Co., Ltd.	AcBel Polytech Inc.	Associate	Purchases	THB 250,801	5.00%	About 60-90 days	Similar to general terms and conditions	About 60-90 days	(THB 45,262)	3.47%	

<Note> Percentage to total sales, purchases, accounts and notes receivable (payable).

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 7: Receivables due from related parties amounting to at least NTD 100 million or 20% of the paid-in capital

(Unit: thousands of NTD/ foreign currency)

Company Name	Related Party	Nature of Relationship	Financial Statement Account	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
Kinpo Electronics, Inc.	Kinpo International Ltd.	Subsidiary	Accounts receivable due from related parties	\$565,000	-	\$-	-	\$-	\$-
Kinpo International Ltd.	Kinpo Electronics, Inc.	Parent company	"	CNY 43,870	5.36	-	-	CNY 17,426	-
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subsidiary	"	CNY 520,193	-	-	-	CNY 514,294	-
Kinpo International Ltd.	Kinpo Electronics (China) Co., Ltd.	Subsidiary	Other receivables due from related parties	CNY 51,181	-	-	-	CNY 483	-
Kinpo International Ltd.	XYZprinting, Inc. (USA)	Affiliated company	Long-term accounts receivable due from related parties	CNY 35,853	-	-	-	-	-
Kinpo Electronics (China) Co., Ltd.	Kinpo International Ltd.	Parent company	Accounts receivable due from related parties	CNY 58,574	5.53	-	-	CNY 20,590	-
Kinpo Electronics (Philippines), Inc.	Kinpo Electronics, Inc.	Parent company	"	USD 6,039	17.63	-	-	USD 6,039	-
Cal-Comp Big Data, Inc.	XYZprinting, Inc. (USA)	Affiliated company	"	114,432	-	-	-	12,587	-
Cal-Comp Electronics (Thailand) Public Company Limited	CastleNet Technology Inc.	Affiliated company	"	THB 681,151	2.40	-	-	THB 111,705	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Subsidiary	"	THB 2,226,296	0.36	-	-	-	-
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Affiliated company	"	THB 687,496	0.87	-	-	THB 2,048	-
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	Subsidiary	"	THB 3,622,200	5.80	-	-	THB 1,731,369	-
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	Subsidiary	"	THB 1,587,395	0.02	-	-	-	-
Cal-Comp Electronics & Communications Co., Ltd.	Logistar International Holding Co., Ltd.	Affiliated company	"	THB 584,153	4.21	-	-	THB 378,785	-
Cal-Comp Electronics de Mexico, Co. SA de CV	Cal-Comp Electronics (USA) Co., Ltd.	Affiliated company	Other receivables due from related parties	THB 166,430	-	-	-	-	-
Logistar International Holding Co., Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Accounts receivable due from related parties	THB 2,093,045	3.82	-	-	THB 704,869	-
Logistar International Holding Co., Ltd.	Cal-Comp Precision (Dongguan) Limited	Affiliated company	Other receivables due from related parties	THB 177,954	-	-	-	-	-
Cal-Comp Precision (Thailand) Limited	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Accounts receivable due from related parties	THB 251,203	10.85	-	-	THB 236,017	-
Cal-Comp Precision (Philippines) Limited	Kinpo Electronics (Philippines), Inc.	Affiliated company	"	THB 387,455	4.64	-	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	XYZprinting, Inc.	Affiliated company	Other receivables due from related parties	THB 120,914	-	-	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Logistar International Holding Co., Ltd.	Affiliated company	Accounts receivable due from related parties	THB 1,789,510	1.57	-	-	THB 907,610	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Cal-Comp Precision (Dongguan) Limited	Affiliated company	Other receivables due from related parties	THB 298,941	-	-	-	-	-
Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	Accounts receivable due from related parties	THB 169,140	0.57	-	-	-	-
Cal-Comp Technology (Suzhou) Co., Ltd.	Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Affiliated company	Other receivables due from related parties	THB 765,184	-	-	-	-	-
Cal Comp (Malaysia) SDN. BHD.	Cal-Comp Electronics (Thailand) Public Company Limited	Parent company	"	THB 198,147	-	-	-	-	-
Cal-Comp Electronics (USA) Co., Ltd.	Qbit Semiconductor Ltd.	Affiliated company	"	THB 205,637	-	-	-	-	-

Kinpo Electronics, Inc. and subsidiaries
Notes to consolidated financial statements (continued)

Table 8: Significant intercompany transactions between consolidated entities

(Unit: thousands of NTD/ foreign currency)

No. <Note1>	Company Name	Counter-party	Nature of Relationship <Note2>	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets <Note3>
0	Kinpo Electronics, Inc.	Kinpo International Ltd. and subsidiaries	1	Accounts receivable	565,000	Similar to general terms and conditions	0.57%
			1	Services	550,000	Similar to general terms and conditions	0.41%
			1	Accounts payable	196,332	Similar to general terms and conditions	0.20%
			1	Purchases	1,351,525	Similar to general terms and conditions	1.02%
0	Kinpo Electronics, Inc.	Cal-Comp Technology (Philippines), Inc. and subsidiaries	1	Accounts payable	185,486	Similar to general terms and conditions	0.19%
			1	Purchases	3,402,043	Similar to general terms and conditions	2.56%
1	Kinpo International Ltd. and subsidiaries	XYZprinting, Inc. and subsidiaries	3	Long-term accounts receivable	160,451	Similar to general terms and conditions	0.16%
2	XYZprinting, Inc. and subsidiaries	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	3	Accounts payable	638,930	Similar to general terms and conditions	0.64%
			3	Other payables	139,789	Similar to general terms and conditions	0.14%
			3	Purchases	430,192	Similar to general terms and conditions	0.32%
2	XYZprinting, Inc. and subsidiaries	Cal-Comp Big Data, Inc. and subsidiaries	3	Accounts payable	177,292	Similar to general terms and conditions	0.18%
3	Cal-Comp Technology (Philippines), Inc. and subsidiaries	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	3	Accounts payable	366,088	Similar to general terms and conditions	0.37%
			3	Purchases	1,304,772	Similar to general terms and conditions	0.98%
4	CastleNet Technology Inc. and subsidiaries	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	3	Accounts payable	641,252	Similar to general terms and conditions	0.65%
			3	Purchases	1,093,614	Similar to general terms and conditions	0.82%
5	Cal-Comp Electronics (Thailand) Public Company Limited and subsidiaries	Kinpo International Ltd. and subsidiaries	3	Sales	110,621	Similar to general terms and conditions	0.08%

<Note1> The numbers filled in represent:

- (1) The company is "0".
- (2) The subsidiaries are numbered in order starting from "1".

<Note2> The following lists the three types of intercompany transactions (one transaction between parent company and subsidiary or between subsidiaries could be disclosed only once.)

- (1) Transactions from parent company to subsidiary is "1".
- (2) Transactions from subsidiary to parent company is "2".
- (3) Transactions between subsidiaries is "3".

<Note3> The percentage is divided by:

- (1) Consolidated total assets if the transaction account belongs to balance sheet.
- (2) Consolidated net revenue if the transaction account belongs to comprehensive income statement.

<Note4> We included only the intercompany transactions with amount larger than 100 millions in the table.

Table 9: Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China)

(Unit: thousands of NT\$/ foreign currency)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance at The End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Nature of Relationship
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Value			
Kinpo Electronics, Inc.	Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and sales of computer peripherals and IT products	\$1,921,485	\$1,921,485	1,839,526,249	40.39%	\$7,293,611	\$300,943	\$224,004	Subsidiary
Kinpo Electronics, Inc.	Kinpo International (Singapore) Pte. Ltd.	Singapore	Reinvestment on domestic and overseas business	3,203,059	3,203,059	149,559,881	100.00%	5,257,336	765,519	765,519	Subsidiary
Kinpo Electronics, Inc.	Forward International Ltd.	BVI	Reinvestment on domestic and overseas business; purchases and sales of marketable securities	297,731	297,731	31,712	100.00%	13,319	3,249	(1,917)	Subsidiary
Kinpo Electronics, Inc.	Kinpo International Ltd.	BVI	Reinvestment on domestic and overseas business	2,218,189	2,218,189	69,223,270	100.00%	2,896,001	(558,871)	(558,871)	Subsidiary
Kinpo Electronics, Inc.	Jipo Investment Co., Ltd.	Taiwan	General investment	990,000	990,000	99,000,000	100.00%	55,433	30,929	16,677	Subsidiary
Kinpo Electronics, Inc.	Lipo Holding Co., Ltd.	Cayman Islands	Reinvestment on domestic and overseas business	505,305	505,305	102,000	51.00%	679,839	622,967	317,713	Subsidiary
Kinpo Electronics, Inc.	Crownpo Technology Inc.	Taiwan	Manufacturing and sales of chip diodes, etc.	341,730	341,730	5,805,765	51.61%	116,890	71,765	37,038	Subsidiary
Kinpo Electronics, Inc.	Cal-Comp Biotech Co., Ltd.	Taiwan	Cultivation and retail of agricultural products	100,000	100,000	10,000,000	100.00%	13,260	(3,806)	(3,806)	Subsidiary
Kinpo Electronics, Inc.	XYZprinting, Inc.	Taiwan	Trading 3D printer	431,518	431,518	43,151,760	46.40%	(24,787)	(280,081)	(129,958)	Subsidiary
Kinpo Electronics, Inc.	CastleNet Technology Inc.	Taiwan	Development, manufacturing and sales of products including cable modem, powerline communication and digital home application	398,323	398,323	27,458,907	31.89%	283,741	(136,227)	(77,998)	Subsidiary
Kinpo Electronics, Inc.	Cal-Comp Big Data, Inc.	Taiwan	Medical equipment, data processing and provision service	325,000	325,000	32,500,000	50.00%	(1,873)	(191,459)	(95,729)	Subsidiary
Kinpo Electronics, Inc.	New Era AI Robotic Limited	Cayman Islands	Reinvestment on domestic and overseas business	61,000	61,000	2,000,000	50.00%	(26,786)	(146,040)	(73,020)	Subsidiary
Kinpo Electronics, Inc.	AcBel Polytech Inc.	Taiwan	Manufacturing switching power supply & sales of main materials	1,107,044	1,107,044	117,162,063	22.68%	1,889,450	1,005,422	227,880	Associate
Kinpo Electronics, Inc.	Kinpo Group Management Service Company	Taiwan	Investment and management consulting	3,000	3,000	300,000	37.50%	5,699	377	141	Associate
Kinpo Electronics, Inc.	Teleport Access Services, Inc.	Taiwan	First rate telecommunications, system design and engineering, integration, construction, and product services; restrained telecom radio frequency equipments and materials import	322,376	322,376	10,145,800	23.70%	247,289	36,960	8,762	Associate
Kinpo Electronics, Inc.	Ascendant Private Equity Investment Ltd. (Preferred Stock)	BVI	Reinvestment on domestic and overseas business	949,219	949,219	31,250,000	34.72%	935,461	115,255	40,017	Associate
Kinpo Electronics, Inc.	Ascendant Private Equity Investment Ltd. (Stock)	BVI	Reinvestment on domestic and overseas business	95	95	3,125	34.72%	96	115,255	-	Associate
Kinpo Electronics, Inc.	iHELPER Inc.	Taiwan	Healthcare industry robot , etc.	15,840	-	1,584,000	44.00%	12,979	(6,502)	(2,861)	Associate
Kinpo Electronics, Inc.	McTEC Taiwan Limited	Samoa	Reinvestment on domestic and overseas business	47,193	47,193	1,500,000	26.04%	-	-	-	Associate
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	Thailand	Manufacturing and sales of computer peripherals and IT products	USD 12,609	USD 12,609	300,788,019	6.60%	USD 38,806	300,943	<Note1>	Subsidiary
Kinpo International (Singapore) Pte. Ltd.	Cal-Comp Technology (Philippines), Inc.	Philippines	Manufacturing	USD 100,000	-	895,638,400	80.81%	USD 131,638	USD 31,424	<Note1>	Sub-subsiidary
Kinpo International (Singapore) Pte. Ltd.	Ruten Singapore Pte. Ltd.	Singapore	Provision of online platform and online payment services	USD 1,120	USD 1,120	11,200,000	35.00%	USD 1,085	SGD 14	<Note1>	Associate
Kinpo International (Singapore) Pte. Ltd.	Kinpo Electronics (Philippines), Inc.	Philippines	Manufacturing and sales products of other companies' electronic products	-	USD 98,482	-	-	-	USD 28,982	<Note1>	Sub-subsiidary
Cal-Comp Technology (Philippines), Inc.	Kinpo Electronics (Philippines), Inc.	Philippines	Manufacturing and sales products of other companies' electronic products	USD 100,000	-	49,260,075	100.00%	USD 137,683	USD 28,982	<Note1>	Sub-subsiidary
Jipo Investment Co., Ltd.	AcBel Polytech Inc.	Taiwan	Manufacturing switching power supply & sales of main materials	67,500	67,500	7,626,854	1.48%	123,298	1,005,422	<Note1>	Associate
Crownpo Technology Inc.	Ranashe International Ltd.	BVI	Reinvestment on domestic and overseas business	137,962	137,962	50,000	100.00%	164,343	USD 2,634	<Note1>	Sub-subsiidary
Crownpo Technology Inc.	Tien-Cheng Advanced Materials Co., Ltd.	Taiwan	Manufacturing chemical materials	23,000	-	140,000	54.69%	9,214	(8,410)	<Note1>	Sub-subsiidary
XYZprinting, Inc.	XYZprinting, Inc. (USA)	USA	Trading 3D printer	178,215	29,590	5,000	100.00%	(101,350)	(67,553)	<Note1>	Sub-subsiidary
XYZprinting, Inc.	XYZprinting Japan, Inc.	Japan	Trading 3D printer	96,852	14,472	7,013,200	100.00%	19,142	(1,788)	<Note1>	Sub-subsiidary
XYZprinting, Inc.	XYZprinting Netherlands, B.V.	Netherlands	Trading 3D printer	95,989	59,829	1,488,901	100.00%	(18,431)	(18,722)	<Note1>	Sub-subsiidary
XYZprinting, Inc.	XYZprinting, Inc. (SAMOA)	Samoa	Reinvestment on business in China	38,851	38,851	1,300,000	100.00%	(66,607)	(13,860)	<Note1>	Sub-subsiidary
XYZprinting, Inc.	XYZprinting (Thailand) Co., Ltd.	Thailand	Trading 3D printer	16,178	16,178	1,800,000	100.00%	11,735	(1,870)	<Note1>	Sub-subsiidary
XYZprinting, Inc.	XYZlife (Philippines) Inc.	Philippines	Trading aesthetic medicine products	6,325	-	93,995	100.00%	4,041	(1,422)	<Note1>	Sub-subsiidary
Cal-Comp Big Data, Inc.	Cal-Comp Big Data International Ltd.	BVI	Reinvestment on domestic and overseas business	157,125	157,125	50,000	100.00%	(141,028)	(USD 2,936)	<Note1>	Sub-subsiidary
New Era AI Robotic Limited	New Era AI Robotic Inc.	Taiwan	Trading robot and applications development	USD 4,000	USD 4,000	12,000,000	100.00%	(USD 1,802)	(145,864)	<Note1>	Sub-subsiidary
CastleNet Technology Inc.	CastleNet Technology (BVI) Inc.	BVI	Investment holding company	538,992	538,992	17,208	100.00%	321,872	(USD 1,787)	<Note1>	Sub-subsiidary

Table 9: Names, locations and related information of investees over which the company exercises significant influence (not including information on investments in Mainland China)

(Unit: thousands of NTD/ foreign currency)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance at The End of Period			Net Income (Losses) of The Investee	Share of Profits (Losses) of Investee	Nature of Relationship
				Ending balance	Beginning balance	Shares	Percentage of Ownership	Carrying Value			
Cal-Comp Electronics (Thailand) Public Company Limited	Logistar International Holding Co., Ltd.	BVI	Dealer	THB 1,077,604	THB 1,077,604	30,050,000	100.00%	(THB 8,846,777)	(THB 1,844,705)	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics & Communication Co., Ltd.	Taiwan	Purchasing materials and R&D	THB 204,835	THB 204,835	6,992,078	100.00%	THB 158,208	THB 53,787	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Singapore) Limited	Singapore	Manufacturing and selling	THB 964,009	THB 964,009	118,445,907	100.00%	THB 292,384	THB 6,517	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal Comp (Malaysia) SDN. BHD.	Malaysia	Manufacturing	THB 282,294	THB 282,294	28,038,680	100.00%	THB 1,588,858	THB 183,316	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics (USA) Co., Ltd.	USA	Manufacturing	THB 1,905,959	THB 1,905,959	60,000,000	100.00%	THB 419,813	(THB 168,382)	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Brazil	Manufacturing	THB 22,660	THB 22,660	1,350,000	0.82%	THB 12,184	THB 11,573	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Electronics de Mexico Co., S.A. de C.V.	Mexico	Manufacturing	THB 310,125	THB 310,125	141,182,050	100.00%	THB 488,157	THB 94,698	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Technology (Philippines), Inc.	Philippines	Manufacturing	THB 790,091	THB 790,091	212,711,600	19.19%	THB 1,014,452	USD 31,424	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Precision (Thailand) Limited	Thailand	Plastic Molding	THB 2,082,320	THB 2,082,320	22,100,678	100.00%	THB 2,143,062	THB 83,281	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Holding (Brasil) S.A.	Brazil	Holding	THB 2,544,789	THB 2,544,789	258,220,566	99.99%	THB 2,221,149	THB 289,918	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	XYZprinting, Inc.	Taiwan	Manufacturing of computers and peripheral devices	THB 461,799	THB 461,799	43,151,760	46.40%	(24,787)	(280,081)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Pchome (Thailand) Co., Ltd.	Thailand	E-commerce, selling and customer services	THB 32,500	THB 32,500	3,250,000	32.50%	THB 14,479	(THB 18,462)	<Note1>	Associate
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Big Data, Inc.	Taiwan	Medical equipment, data processing and provision service	THB 351,776	THB 351,776	32,500,000	50.00%	(1,873)	(191,459)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Qbit Semiconductor Holding, Ltd.	Cayman Islands	Holding	THB 174,359	THB 174,359	5,900,000	100.00%	(THB 63,620)	(USD 4,518)	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp (India) Private Limited	India	Operating and designing electronic products	THB 17,602	THB 17,602	3,222,500	100.00%	THB 12,407	(THB 4,359)	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (Thailand) Public Company Limited	New Era AI Robotic Limited	Cayman Islands	Reinvestment on domestic and overseas business	THB 67,735	THB 67,735	2,000,000	50.00%	(26,786)	(146,040)	<Note1>	Subsidiary
Cal-Comp Electronics (Thailand) Public Company Limited	Cal-Comp Automation and Industrial 4.0 Service (Thailand) Co., Ltd.	Thailand	Auto-manage producing system development	THB 100,000	-	10,000,000	100.00%	THB 100,126	THB 126	<Note1>	Sub-subsiadiy
Qbit Semiconductor Holding, Ltd.	Qbit Semiconductor Ltd.	Taiwan	Design of semiconductors	USD 4,420	USD 2,152	23,250,000	100.00%	(USD 2,383)	(130,582)	<Note1>	Sub-subsiadiy
Cal-Comp Precision (Singapore) Limited	Daviscomms (S) Pte. Ltd.	Singapore	Designing and manufacturing of communication products	USD 2,955	USD 2,955	340,458	20.00%	THB 88,306	THB 15,000	<Note1>	Associate
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria e Comercio de Eletronicos e Informatica Ltda.	Brazil	Manufacturing	BRL 163,674	BRL 163,674	163,673,798	99.18%	BRL 147,704	THB 11,573	<Note1>	Sub-subsiadiy
Cal-Comp Holding (Brasil) S.A.	Cal-Comp Industria de Semicondutores S.A.	Brazil	Manufacturing	BRL 40,466	BRL 40,466	40,465,990	58.03%	BRL 27,169	(BRL 24,206)	<Note1>	Sub-subsiadiy
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Malaysia) SDN. BHD.	Malaysia	Plastic Molding	MYR 11,968	MYR 11,968	11,968,000	100.00%	THB 208,630	THB 1,316	<Note1>	Sub-subsiadiy
Cal-Comp Precision (Thailand) Limited	Cal-Comp Precision (Philippine) Inc.	Philippines	Plastic Molding	PHP 2,464,569	PHP 1,412,469	14,124,685	100.00%	THB 1,567,836	(THB 5,113)	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (San Diego), Inc.	USA	Manufacturing	USD 860	USD 860	860,000	100.00%	(USD 11,897)	(USD 540)	<Note1>	Sub-subsiadiy
Cal-Comp Electronics (USA) Co., Ltd.	Cal-Comp USA (Indiana), Inc.	USA	Manufacturing	USD 5,400	USD 5,400	5,400,000	100.00%	USD 7,001	(USD 502)	<Note1>	Sub-subsiadiy
Cal-Comp Electronics & Communication Co., Ltd.	Kinpo Group Management Service Company	Taiwan	Investment and management consulting	1,000	1,000	100,000	12.50%	THB 1,054	377	<Note1>	Associate

<Note1> The share of profits (losses) of investee have already been included in the net income of the investor company. We decided not to further disclose in case of causing confusion.

Table 10: Informations on investments in Mainland China

Investee Company	Main Business and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2018	Percentage of Ownership	Net Income (Loss) of the Investee Company	Share of Profits/Losses	Carrying Amount as of September 30, 2018	Accumulated Inward Remittance of Earnings as of September 30, 2018
					Outflow	Inflow						
Kinpo Electronics (China) Co., Ltd.	Processing, manufacturing and selling electronic products of other companies	CNY 889,298 (3,979,875)	Indirect investment via Kinpo International Ltd.	USD 55,100 (1,692,397)	\$-	\$-	USD 55,100 (1,692,397)	100.00%	CNY 40,406 (184,360)	Please refer to <Note1>(2)-iii	CNY 1,368,091 (6,122,618)	\$-
Dongguan Kaipo Electronics Co., Ltd.	Manufacturing and sales of other companies' products	CNY 128,945 (577,068)	Indirect investment via Kinpo International Ltd.	USD 1,000 (30,715)	-	-	USD 1,000 (30,715)	100.00%	(CNY 405) (-1,848)	Please refer to <Note1>(2)-iii	CNY 43,049 (192,657)	-
Superpower Mould & Plastic Ltd.	Manufacturing and sales of other companies' products	-	Indirect investment via Kinpo International Ltd.	USD 1,573 (48,315)	-	-	USD 1,573 (48,315)	-	-	-	-	-
Kinpo Electronics (Shanghai) Co., Ltd.	Manufacturing & wholesaling electronics dictionary, design, R&D and sales for calculator software.	-	Indirect investment via Kinpo International Ltd.	USD 1,120 (34,401)	-	-	USD 1,120 (34,401)	-	-	-	-	-
Kinpo Electronics (Beijing) Co., Ltd.	Manufacturing & wholesaling electronics dictionary, design, R&D and sales for calculator software.	-	Indirect investment via Kinpo International Ltd.	USD 1,000 (30,715)	-	-	USD 1,000 (30,715)	-	-	-	-	-
McTECH Guangzhou Co., Ltd.	Producing automatic bike & battery exchange station	CNY 63,304 (283,304)	Indirect investment via McTEC Taiwan Limited	USD 1,350 (41,465)	-	-	USD 1,350 (41,465)	19.61%	-	-	-	-
LIZ Electronics (Kunshan) Co., Ltd.	Producing and marketing chip resistors & ceramic multilayer capacitors & chip diodes	CNY 252,202 (1,128,680)	Indirect investment via Lipo Holding Co., Ltd. & Ranashe International Ltd.	USD 14,270 (438,303)	-	-	USD 14,270 (438,303)	51.07%	CNY 146,356 (672,825)	Please refer to <Note1>(2)-iii	USD 23,034 (707,489)	-
LIZ Electronics (Nantong) Co., Ltd.	R&D, manufacturing chip components; sales of products and provide after-sales service; wholesaling, improting and exporting electronic components, semiconductors special materials and spare parts	CNY 131,756 (589,648)	Indirect investment via Lipo Holding Co., Ltd & LIZ Electronics (Kunshan) Co., Ltd.	USD 1,530 (46,994)	-	-	USD 1,530 (46,994)	51.06%	CNY 49,368 (226,953)	Please refer to <Note1>(2)-iii	USD 12,320 (378,409)	-
XYZprinting (Suzhou) Co., Ltd.	Trading 3D printer	CNY 6,104 (27,317)	Indirect investment via XYZ Printing, Inc. (SAMOA)	-	-	-	-	68.20%	(CNY 2,477) (-11,302)	Please refer to <Note1>(2)-iii	(CNY 9,850) (-44,082)	-
XYZprinting (Shanghai) Cloud Technology Co., Ltd.	Internet technology development	CNY 1,343 (6,010)	Indirect investment via XYZ Printing, Inc. (SAMOA)	-	-	-	-	68.20%	(CNY 582) (-2,655)	Please refer to <Note1>(2)-iii	CNY 406 (1,817)	-
CastleNet Technology Inc.	Design and manufacture of modem; sale of self-produced products	CNY 110,561 (505,192)	Indirect investment via CastleNet Technology (BVI) Inc.	-	-	-	-	31.89%	(CNY 10,266) (-47,614)	Please refer to <Note1>(2)-iii	USD 3,326 (102,201)	-
Cal-Comp Electronics (Suzhou) Co., Ltd.	Manufacturing	-	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	46.99%	-	-	-	-
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Manufacturing	CNY 547,148 (2,448,651)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	46.99%	CNY 36,073 (164,590)	Please refer to <Note1>(2)-iii	THB 1,896,085 (1,799,195)	-
Cal-Comp Technology (Suzhou) Co., Ltd.	Manufacturing	CNY 73,046 (326,903)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	46.99%	CNY 7,962 (36,328)	Please refer to <Note1>(2)-iii	THB 395,635 (375,418)	-
Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Manufacturing	CNY 239,598 (1,072,273)	Indirect investment via Cal-Comp Electronics (Thailand) Public Company Limited	-	-	-	-	46.99%	(CNY 18,255) (-83,292)	Please refer to <Note1>(2)-iii	THB 18,684 (17,729)	-
Cal-Comp Precision (Dongguan) Limited	Plastic Molding	CNY 110,805 (495,886)	Indirect investment via Cal-Comp Precisoim (Thailand) Limited	-	-	-	-	46.99%	(CNY 5,362) (-24,465)	Please refer to <Note1>(2)-iii	THB 170,335 (161,631)	-
Cal-Comp Precision (Wujiang) Co., Ltd.	Plastic Molding	CNY 32,863 (147,072)	Indirect investment via Cal-Comp Precisoim (Thailand) Limited	-	-	-	-	46.99%	CNY 13 (59)	Please refer to <Note1>(2)-iii	THB 6,842 (6,492)	-
Shanghai Chuang Ge Education Technology Co., Ltd.	R&D of educational and internet products	CNY 4,250 (19,020)	Indirect investment via Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	-	-	-	-	20.45%	(CNY 1,928) (-8,797)	Please refer to <Note1>(2)-iii	THB 2,067 (1,961)	-
ICKP (Beijing) Technology Development Co., Ltd.	3D printing and AI/Robotic, industry 4.0 and IC design	CNY 10,000 (44,753)	Indirect investment via Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	-	-	-	-	37.59%	(CNY 393) (-1,793)	Please refer to <Note1>(2)-iii	THB 17,001 (16,132)	-
Jun-Hui LED Electronics, Co., Limited	R&D and manufacturing optical electronics technique	HKD 494,706 (1,940,138)	Others	-	-	-	-	1.52%	-	-	USD 567 (17,415)	-

Accumulated Investment in Mainland China as of June 30, 2018 (in thousands)	Investment Amount Authorized by Investment Commission, MOEA (in thousands)	Upper Limit of Investment (60% of Net value) (in thousands)
USD 76,943 (\$2,363,305)	USD 241,999 (\$7,432,999)	\$9,423,758

<Note1> In the shared profits/losses column:

- (1) The investments that are in preparation and thus haven't generated any profits/losses should be specified.
- (2) The resources of shared profits/losses should be specified as one of the three below:
 - i. Financial report audited by international audit firm that has partnership with audit firm in Taiwan.
 - ii. Financial report audited by CPA who audits the parent company in Taiwan.
 - iii. Others. (The share of profits/losses were already included in the investor's profits/losses. In case of causing confusion, we decided not to disclose in this table.)

<Note2> The figures in this table are presented in NTD. The exchange rate on the financial reporting date used for translating the amount of investment in foreign currency is as following:

- (1) Ending investment balance as of report date were translated using the exchange rates as follows:

USD:NTD 1: 30.7150
CNY:NTD 1: 4.4753
THB:NTD 1: 0.9489

- (2) Investment gains or losses were translated using the average rates for the six-month period ended June 30, 2018 as follows:

USD:NTD 1: 30.3966
CNY:NTD 1: 4.5627
THB:NTD 1: 0.9356