ALTEK CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

MARCH 31, 2019 AND 2018

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR 19000005

(In Thousands of New Taiwan Dollars)

To Altek Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Altek Corporation and subsidiaries as of March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" as endorsed by Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as discussed in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 4(3), the financial statements of certain insignificant consolidated subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of $2,875,089 and $3,455,401, constituting 19% and 23% of the consolidated total assets, and total liabilities of $327,830 and $222,281, constituting 7% and 4% of the consolidated total liabilities as of March 31, 2019 and 2018, respectively, and total comprehensive income of $110,316 and $89,682, constituting 35% and 17% of the absolute values of the consolidated total comprehensive income for the three-month periods then ended, respectively. Also, as described in Note 6(7), the financial statements of investments accounted for under the equity method were not reviewed by independent accountants. The book value of equity in these investee companies both amounted to $0 as of March 31, 2019 and 2018, and the related investment income both amounted to $0 for the three-month periods then ended. These amounts were based solely to their unreviewed financial statements.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity method investees been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Li, Tien-Yi　　　　Tsang, Kwok-Wah

For and on behalf of PricewaterhouseCoopers, Taiwan

May 10, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than 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, PricewaterhouseCoopers 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.

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

	Assets	Notes	March 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%	March 31, 2018 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 7,250,769	49	$ 6,495,017	40	$ 5,774,474	39
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	-	-	798,770	5
1136	Current financial assets at amortised cost, net	6(4)	-	-	261,228	2	-	-
1140	Current contract assets	6(23)	-	-	-	-	5,820	-
1150	Notes receivable, net	6(5)	345,848	2	1,387,222	8	165,646	1
1170	Accounts receivable, net	6(5)	1,403,369	10	2,414,775	15	2,024,753	14
1200	Other receivables		26,243	-	31,712	-	34,144	-
1220	Current income tax assets		1,033	-	683	-	3,606	-
130X	Inventories, net	6(6)	1,001,781	7	999,212	6	1,240,969	8
1410	Prepayments		105,376	1	89,451	1	155,152	1
1470	Other current assets		6,381	-	6,141	-	17,972	-
11XX	**Current Assets**		10,140,800	69	11,685,441	72	10,221,306	68
	Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	6(2)	27,337	-	23,683	-	10,601	-
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	119,291	1	114,508	1	132,320	1
1550	Investments accounted for using equity method	6(7)	-	-	26,768	-	-	-
1600	Property, plant and equipment, net	6(8)	3,378,118	23	3,376,345	21	3,632,440	24
1755	Right-of-use assets	6(9)	137,614	1	-	-	-	-
1760	Investment property, net	6(11)	768,846	5	770,551	4	775,664	5
1780	Intangible assets, net	6(12)	94,368	1	100,142	1	113,574	1
1840	Deferred income tax assets		77,149	-	102,696	1	111,579	1
1900	Other non-current assets		37,654	-	70,336	-	67,719	-
15XX	**Non-current assets**		4,640,377	31	4,585,029	28	4,843,897	32
1XXX	**Total assets**		$ 14,781,177	100	$ 16,270,470	100	$ 15,065,203	100

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ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2019 and 2018 are reviewed, not audited)

			March 31, 2019		December 31, 2018		March 31, 2018	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13)	$ 1,750,000	12	$ 1,760,000	11	$ 2,106,000	14
2110	Short-term notes and bills payable	6(14)	-	-	-	-	199,940	2
2150	Notes payable		41,283	-	1,049,446	6	133,773	1
2170	Accounts payable		1,245,672	9	1,878,509	12	1,944,360	13
2200	Other payables		349,628	2	415,658	3	346,407	2
2230	Current income tax liabilities		52,242	-	58,625	-	66,637	-
2250	Provisions for liabilities - current	6(18)	36,632	-	35,378	-	31,799	-
2280	Current lease liabilities		6,487	-	-	-	-	-
2300	Other current liabilities		217,579	2	223,054	1	193,628	1
21XX	**Current Liabilities**		3,699,523	25	5,420,670	33	5,022,544	33
	Non-current liabilities							
2540	Long-term borrowings	6(15)	600,000	4	600,000	4	-	-
2550	Provisions for liabilities - noncurrent	6(18)	121,416	1	113,115	1	97,264	1
2570	Deferred income tax liabilities		455,942	3	447,061	3	409,822	3
2580	Non-current lease liabilities		98,957	1	-	-	-	-
2600	Other non-current liabilities		28,126	-	28,043	-	31,656	-
25XX	**Non-current liabilities**		1,304,441	9	1,188,219	8	538,742	4
2XXX	**Total Liabilities**		5,003,964	34	6,608,889	41	5,561,286	37
	Equity attributable to owners of parent							
	Share capital	6(19)						
3110	Common stock		2,740,113	19	2,740,113	17	2,737,888	19
	Capital surplus	6(20)						
3200	Capital surplus		2,262,397	15	2,262,397	14	2,256,188	15
	Retained earnings	6(21)						
3310	Legal reserve		1,381,094	9	1,381,094	8	1,379,754	9
3320	Special reserve		425,580	3	425,580	3	142,456	1
3350	Unappropriated retained earnings		2,498,166	17	2,471,973	15	2,733,354	18
	Other equity interest	6(22)						
3400	Other equity interest		(183,350)	(1)	(294,938)	(2)	(299,786)	(2)
3500	Treasury stocks	6(19)	-	-	-	-	(96,138)	(1)
31XX	**Equity attributable to owners of the parent**		9,124,000	62	8,986,219	55	8,853,716	59
36XX	**Non-controlling interest**		653,213	4	675,362	4	650,201	4
3XXX	**Total equity**		9,777,213	66	9,661,581	59	9,503,917	63
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	**Total liabilities and equity**		$ 14,781,177	100	$ 16,270,470	100	$ 15,065,203	100

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

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except (loss) earnings per share amount)
(UNAUDITED)

			Three-month period ended March 31			
			2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(23)	$ 1,723,953	100	$ 2,336,313	100
5000	**Operating costs**	6(6)(27)(28)	(1,474,089)	(85)	(2,037,470)	(87)
5900	**Net operating margin**		249,864	15	298,843	13
	Operating expenses	6(27)(28)				
6100	Selling expenses		(15,018)	(1)	(15,132)	(1)
6200	General and administrative expenses		(78,184)	(5)	(72,075)	(3)
6300	Research and development expenses		(192,167)	(11)	(195,691)	(8)
6450	Expected credit gains	12(2)	10,543	1	133	-
6000	**Total operating expenses**		(274,826)	(16)	(282,765)	(12)
6900	**Operating (loss) profit**		(24,962)	(1)	16,078	1
	Non-operating income and expenses					
7010	Other income	6(24)	42,801	2	35,889	1
7020	Other gains and losses	6(25)	2,199	-	(33,002)	(1)
7050	Finance costs	6(26)	(6,493)	-	(6,059)	-
7000	**Total non-operating income and expenses**		38,507	2	(3,172)	-
7900	**Profit before income tax**		13,545	1	12,906	1
7950	Income tax expense	6(29)	(12,503)	(1)	(9,324)	(1)
8200	**Profit for the period**		$ 1,042	-	$ 3,582	-

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ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except (loss) earnings per share amount)
(UNAUDITED)

			Three-month period ended March 31			
			2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains from financial assets measured at fair value through other comprehensive income		$ 3,643	-	$ 4,080	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	85	-	(119)	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		3,728	-	3,961	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations		135,802	8	(3,640)	-
8399	Income tax relating to the components of other comprehensive income	6(29)	(26,560)	(1)	8,937	1
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		109,242	7	5,297	1
8300	**Total other comprehensive income for the period**		$ 112,970	7	$ 9,258	1
8500	**Total comprehensive income for the period**		$ 114,012	7	$ 12,840	1
	Profit (loss), attributable to:					
8610	Owners of the parent		$ 26,193	1	($ 27,153)	(1)
8620	Non-controlling interest		(25,151)	(1)	30,735	1
	Profit (loss) for the period		$ 1,042	-	$ 3,582	-
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		$ 136,161	8	($ 7,775)	-
8720	Non-controlling interest		(22,149)	(1)	20,615	1
	Total comprehensive income (loss) for the period		$ 114,012	7	$ 12,840	1
9750	**Basic earnings (loss) per share**	6(30)	$ 0.10		($ 0.10)	
9850	**Diluted earnings (loss) per share**	6(30)	$ 0.10		($ 0.10)	

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

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Equity attributable to owners of the parent										
				Retained earnings			Other equity interest					
	Notes	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences of foreign operations	Total Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Three-month period ended March 31, 2018												
Balance at January 1, 2018		$ 2,738,188	$ 2,256,692	$ 1,379,754	$ 142,456	$ 2,737,026	($ 283,124)	($ 19,215)	($ 96,138)	$ 8,855,639	$ 629,586	$ 9,485,225
Effects of retrospective application	6(22)	-	-	-	-	23,600	-	(23,600)	-	-	-	-
Equity at beginning of period after adjustments		2,738,188	2,256,692	1,379,754	142,456	2,760,626	(283,124)	(42,815)	(96,138)	8,855,639	629,586	9,485,225
Profit (loss) for the period		-	-	-	-	(27,153)	-	-	-	(27,153)	30,735	3,582
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	(119)	15,417	4,080	-	19,378	(10,120)	9,258
Total comprehensive income		-	-	-	-	(27,272)	15,417	4,080	-	(7,775)	20,615	12,840
Share-based payment transactions	6(17)(22)	-	-	-	-	-	-	5,852	-	5,852	-	5,852
Retirement of employee restricted shares	6(17)(20)(22)	(300)	(504)	-	-	-	-	804	-	-	-	-
Balance at March 31, 2018		$ 2,737,888	$ 2,256,188	$ 1,379,754	$ 142,456	$ 2,733,354	($ 267,707)	($ 32,079)	($ 96,138)	$ 8,853,716	$ 650,201	$ 9,503,917
Three-month period ended March 31, 2019												
Balance at January 1, 2019		$ 2,740,113	$ 2,262,397	$ 1,381,094	$ 425,580	$ 2,471,973	($ 256,833)	($ 38,105)	$ -	$ 8,986,219	$ 675,362	$ 9,661,581
Profit (loss) for the period		-	-	-	-	26,193	-	-	-	26,193	(25,151)	1,042
Other comprehensive income (loss) for the period	6(22)	-	-	-	-	-	106,240	3,728	-	109,968	3,002	112,970
Total comprehensive income (loss)		-	-	-	-	26,193	106,240	3,728	-	136,161	(22,149)	114,012
Share-based payment transactions	6(17)(22)	-	-	-	-	-	-	1,620	-	1,620	-	1,620
Balance at March 31, 2019		$ 2,740,113	$ 2,262,397	$ 1,381,094	$ 425,580	$ 2,498,166	($ 150,593)	($ 32,757)	$ -	$ 9,124,000	$ 653,213	$ 9,777,213

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

ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 13,545	$ 12,906
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(11)(27)	51,867	57,969
Amortisation	6(12)(27)	6,018	7,195
Expected credit gains	12(2)	(10,543)	(133)
Net gain on financial assets at fair value through profit or loss		(3,654)	(635)
Interest expense	6(26)	6,493	6,059
Interest income	6(24)	(34,519)	(25,930)
Share-based payment compensation cost	6(17)(28)	1,620	5,852
Reversal of impairment loss on investments accounted for under the equity method	6(25)	(647)	-
Gain on disposal of property, plant and equipment	6(25)	(22)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		-	(213,336)
Contract asset		-	(5,820)
Notes receivable		1,071,701	(134,190)
Accounts receivable		1,048,225	333,531
Other receivables		15,974	(15,697)
Inventories		19,551	(56,933)
Prepayments		(14,543)	23,377
Other current assets		(120)	(1,656)
Changes in operating liabilities			
Notes payable		(1,030,885)	102,465
Accounts payable		(673,133)	(185,307)
Other payables		(69,802)	(73,388)
Provisions for liabilities		9,061	5,039
Other current liabilities		(5,939)	11,318
Other non-current liabilities		76	90
Cash inflow (outflow) generated from operations		400,324	(147,224)
Interest received		24,637	26,596
Interest paid		(6,262)	(5,657)
Income tax paid		(11,547)	(10,582)
Net cash flows from (used in) operating activities		407,152	(136,867)

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ALTEK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31 2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from repayments of financial assets at amortised cost		$ 261,936	$ -
Proceeds from capital reduction of investments accounted for under the equity method		27,529	-
Acquisition of property, plant and equipment	6(32)	(3,259)	(6,749)
Proceeds from disposal of property, plant and equipment		32	-
Increase in intangible assets	6(32)	-	(385)
Decrease in deposits-out		1,109	36
Net cash flows from (used in) investing activities		287,347	(7,098)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings	6(33)	(10,000)	85,000
Proceeds from issuance of short-term notes and bills payable	6(33)	-	199,728
Repayment of short-term notes and bills payable	6(33)	-	(200,000)
Decrease in deposits-in	6(33)	(311)	(811)
Lease liabilities principal repayment	6(33)	(2,151)	-
Net cash flows (used in) from financing activities		(12,462)	83,917
Effect of exchange rate		73,715	(40,460)
Net increase (decrease) in cash and cash equivalents		755,752	(100,508)
Cash and cash equivalents at beginning of period	6(1)	6,495,017	5,874,982
Cash and cash equivalents at end of period	6(1)	$ 7,250,769	$ 5,774,474

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

ALTEK CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Unaudited)

1. HISTORY AND ORGANIZATION

Altek Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the development, manufacturing and sale of digital image technology application, and related export and import trade.

The Company was listed in the Taiwan Stock Exchange on December 24, 2002, as approved by the Tai-Tz (91) Letter No. 024976 of the former Securities and Futures Commission, Ministry of Finance, R.O.C., dated September 27, 2002.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on May 10, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, ‘Leases’

A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased both ‘right-of-use asset’ and ‘lease liability’ by $107,196 on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(b) The accounting for operating leases whose period will end before December 31, 2019 are treated as short-term leases and accordingly, rent expense of $2,277 was recognised in the first quarter of 2019.

(c) The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.

(d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 1.1% to 1.25%.

E. The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	44,230
Less: Short-term leases	(	425)
Add: Adjustments as a result of a different treatment of extension and termination options		83,294
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019		127,099
Incremental borrowing interest rate at the date of initial application		1.1%~1.25%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	107,196

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2018, except for the compliance statement, basis of preparations, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

B. The consolidated financial statements should be read together with the 2018 consolidated financial statements.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of consolidated financial statements is consistent with the 2018 consolidated financial statements.

(Blank below)

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiaries	Main Business Activities	Ownership (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
Altek Corporation	Altek International Investment Co., Ltd.	Investments and general business operations	100	100	100	-
"	Altek Japan Corporation	Sales of optical instruments	100	100	100	Note 4
"	Altek Investment Co., Ltd.	Investments	100	100	100	Note 3、Note 4
"	Altek International Holding (BVI) Co.,Ltd.	Investments and general business operations	100	100	100	Note 4
Altek International Investment Co., Ltd.	Altek Lab Inc.	Design service	100	100	100	Note 4
"	Altek Optical (Cayman) Co., Ltd.	Investments and general business operations	100	100	100	Note 4
"	Altek Semiconductor (Cayman) Co., Ltd.	Investments and general business operations	50	50	50	-
Note 1	Altek (Kunshan) Co., Ltd.	Manufacture and sales of digital still camera and its accessories	100	100	100	-
Note 1	Altek EMS (Kunshan) Co., Ltd.	Manufacture and sales of related engineering services	100	100	100	Note 4
Note 1	Altek Precision (Kunshan) Co., Ltd.	Manufacture and sales of digital camera parts	100	100	100	Note 4
Note 1	Altek Trading (Shanghai) Limited	Wholesale, import and export of related electronic and their associated accessories	100	100	100	Note 4
Note 2	Altek Biotechnology Corporation	Research and development, manufacture and sales of medical electronic equipments	100	100	100	Note 4
Altek Semiconductor (Cayman) Co., Ltd.	Altek Semiconductor Corporation	Research design and sales of ASIC	100	100	100	Note 5
"	Altek Semiconductor (Shanghai) Co., Ltd.	Research design and sales of imaging technologies, electronic software and hardware	100	100	100	Note 4
Note 1	Altek Optical Technology (Kunshan) Co., Ltd.	Manufacture and sales of related electronic services and its accessories and optical components	100	100	100	Note 4

Note 1: Invested by Leading Tech. Co., Ltd., Toptek Investment Cayman Co., Ltd., Altek Imaging Technology (Cayman) Co., Ltd., Altek Trading (Cayman) Co., Ltd., Altek Optical Technology (Cayman) Co., Ltd., which are wholly owned by Altek International Investment Co., Ltd.

Note 2: Invested by Altek Biotechnology Holding (Cayman) Co., Ltd., which is wholly owned by Altek International Holding (BVI) Co., Ltd.

Note 3: The dissolution and liquidation of Altek Investment Co., Ltd. was resolved by the Board of Directors on December 17, 2018. Moreover, the competent authority approved its dissolution on December 24, 2018.

Note 4: As the subsidiaries did not meet the definition of significant subsdiaries, the financial statements as of March 31,2019 and 2018 were not reviewed by independent accountants.

Note 5: As the subsidiaries met the definition of significant subsdiaries in 2018, the financial statements as of March 31,2018 were reviewed by independent accountants.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Leasing arrangements (lessor)－lease receivables/ operating leases

Lease income from an operating lease net of any incentives given to the lessee is recognised in profit or loss on a straight-line basis over the lease term.

(5) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(6) Operating leases (lessee)

Prior to 2019

Payments made under an operating lease net of any incentives received from the lessor are recognised in profit or loss on a straight-line basis over the lease term.

(7) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(8) Income tax

A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of March 31, 2019. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2018.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand	$ 1,021	$ 1,070	$ 1,111
Checking accounts and demand deposits	1,131,631	933,058	273,044
Time deposits	6,118,117	5,560,889	5,500,319
Total	$ 7,250,769	$ 6,495,017	$ 5,774,474

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

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

Items	March 31, 2019	December 31, 2018	March 31, 2018
Current items:			
Beneficiary certificates	$ -	$ -	$ 795,080
Valuation adjustment	-	-	3,690
Total	$ -	$ -	$ 798,770
Non-current items:			
Unlisted stocks	$ 12,731	$ 12,731	$ 16,647
Valuation adjustment	14,606	10,952	(6,046)
Total	$ 27,337	$ 23,683	$ 10,601

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Equity instruments	$ 3, 654	$ －
Beneficiary certificates	－	771
Total	$ 3, 654	$ 771

B. As of March 31, 2019, December 31, 2018, and March 31, 2018, no financial assets measured at cost held by the Group were pledge to others.

C. Information relating to credit risk is provided in Note 12(2).

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

Items	March 31, 2019	December 31, 2018	March 31, 2018
Non-current items：			
Equity instruments			
Unlisted stocks	$ 151,264	$ 150,124	$ 151,840
Valuation adjustment	(31,973)	(35,616)	(19,520)
	$ 119,291	$ 114,508	$ 132,320

A. The Group has elected to classify strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $119,291, $114,508, and $132,320, respectively, as at March 31, 2019, December 31, 2018, and March 31, 2018.

B. The Group recognized fair value change in other comprehensive income of $3,643 and $4,080 for the three-month periods ended March 31, 2019 and 2018, respectively.

C. As at March 31, 2019, December 31, 2018 and March 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $119,291, $114,508 and $132,320, respectively.

D. As at March 31, 2019, December 31, 2018 and March 31, 2018, no non-current financial assets at fair value through other comprehensive income held by the Group were pledged to others.

E. Information relating to credit risk is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	March 31, 2019	December 31, 2018	March 31, 2018
Current items:			
Time deposits with maturity over three months	$ -	$ 261,228	$ -

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Interest income	$ 1,349	$ -

B. The Group has no financial assets at amortised cost pledged to others.

(5) Notes and accounts receivable

	March 31, 2019	December 31, 2018	March 31, 2018
Notes receivable	$ 345,848	$ 1,387,222	$ 165,646
Accounts receivable	$ 1,407,983	$ 2,430,654	$ 2,033,379
Less: Allowance for uncollectible accounts	(4,614)	(15,879)	(8,626)
	$ 1,403,369	$ 2,414,775	$ 2,024,753

A. The ageing analysis of accounts and notes receivable that were past due but not impaired is as follows:

	March 31, 2019		December 31, 2018		March 31, 2018	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	$ 345,848	$ 1,156,201	$ 1,387,222	$ 2,146,832	$ 165,646	$ 1,934,674
Up to 30 days	-	61,718	-	67,351	-	83,010
31 to 90 days	-	184,568	-	174,273	-	-
91 to 180 days	-	536	-	29,761	-	-
Over 181 days	-	4,960	-	12,437	-	15,695
	$ 345,848	$ 1,407,983	$ 1,387,222	$ 2,430,654	$ 165,646	$ 2,033,379

The above ageing analysis was based on past due date.

B. The Group does not hold any collateral as security.

C. As at March 31, 2019, December 31, 2018 and March 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $345,848, $1,387,222 and $165,646, respectively. The maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $1,403,369, $2,414,775 and $2,024,753, respectively.

D. Information relating to credit risk of notes receivables and accounts receivables is provided in Note 12(2).

(6) Inventories

	March 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 787,829	($ 34,118)	$ 753,711
Work-in-process	163,308	(9,590)	153,718
Finished goods	119,396	(25,044)	94,352
Total	$ 1,070,533	($ 68,752)	$ 1,001,781

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 688,388	($ 34,641)	$ 653,747
Work-in-process	95,968	(7,558)	88,410
Finished goods	268,788	(11,733)	257,055
Total	$ 1,053,144	($ 53,932)	$ 999,212

	March 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 829,278	($ 37,097)	$ 792,181
Work-in-process	225,622	(5,553)	220,069
Finished goods	238,349	(9,630)	228,719
Total	$ 1,293,249	($ 52,280)	$ 1,240,969

The cost of inventories recognized as expense for the periods:

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Cost of goods sold	$ 1,459,269	$ 2,048,771
Loss on (gain on reversal of) decline in market value	14,820	(11,301)
Total	$ 1,474,089	$ 2,037,470

For the three-month period ended March 31, 2018, the Group reversed from a previous inventory write-down and accounted for as reduction of operating cost because inventory that has been appropriated as loss on decline in market value was partially sold.

(7) Investments accounted for under the equity method

	March 31, 2019	December 31, 2018	March 31, 2018
JinJing Optical Technology Co., Ltd.	$ 17,109	$ 44,524	$ 44,028
Less: Accumulated impairment loss	(17,109)	(17,756)	(44,028)
	$ -	$ 26,768	$ -

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of March 31, 2019, December 31, 2018 and March 31, 2018, the carrying amount of the Group's individually immaterial associates amounted to $0, $26,768 and $0, respectively.

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Loss for the year from continuing operations	($ 1)	($ 1,424)
Other comprehensive income - net of tax	-	2,998
Total comprehensive (loss) income	($ 1)	$ 1,574

(Blank below)

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Test equipment	Construction in progress and prepayment for equipment	Others	Total
At January 1, 2019							
Cost	$ 468,684	$ 3,316,999	$ 1,089,739	$ 157,605	$ 10,459	$ 461,630	$ 5,505,116
Accumulated depreciation	-	(765,750)	(768,358)	(151,959)	-	(442,704)	(2,128,771)
	$ 468,684	$ 2,551,249	$ 321,381	$ 5,646	$ 10,459	$ 18,926	$ 3,376,345
2019							
Opening net book amount	$ 468,684	$ 2,551,249	$ 321,381	$ 5,646	$ 10,459	$ 18,926	$ 3,376,345
Additions	-	1,556	-	170	1,606	910	4,242
Disposals	-	-	-	-	-	(10)	(10)
Reclassifications	-	9,094	-	-	(9,483)	389	-
Depreciation charge	-	(22,150)	(20,923)	(991)	-	(3,875)	(47,939)
Net exchange differences	-	37,873	7,270	64	8	265	45,480
Closing net book amount	$ 468,684	$ 2,577,622	$ 307,728	$ 4,889	$ 2,590	$ 16,605	$ 3,378,118
At March 31, 2019							
Cost	$ 468,684	$ 3,376,590	$ 1,112,193	$ 159,869	$ 2,590	$ 459,987	$ 5,579,913
Accumulated depreciation	-	(798,968)	(804,465)	(154,980)	-	(443,382)	(2,201,795)
	$ 468,684	$ 2,577,622	$ 307,728	$ 4,889	$ 2,590	$ 16,605	$ 3,378,118

	Land	Buildings and structures	Machinery	Test equipment	Construction in progress and prepayment for equipment	Others	Total
At January 1, 2018							
Cost	$ 468,684	$ 3,353,156	$ 1,366,032	$ 170,311	$ -	$ 533,260	$ 5,891,443
Accumulated depreciation	-	(685,644)	(903,610)	(158,744)	-	(494,657)	(2,242,655)
	$ 468,684	$ 2,667,512	$ 462,422	$ 11,567	$ -	$ 38,603	$ 3,648,788
2018							
Opening net book amount	$ 468,684	$ 2,667,512	$ 462,422	$ 11,567	$ -	$ 38,603	$ 3,648,788
Additions	-	110	-	81	3,510	230	3,931
Reclassifications	-	-	-	-	-	(280)	(280)
Depreciation charge	-	(22,299)	(25,322)	(1,852)	-	(6,792)	(56,265)
Net exchange differences	-	28,323	7,403	81	-	459	36,266
Closing net book amount	$ 468,684	$ 2,673,646	$ 444,503	$ 9,877	$ 3,510	$ 32,220	$ 3,632,440
At March 31, 2018							
Cost	$ 468,684	$ 3,388,884	$ 1,381,748	$ 172,022	$ 3,510	$ 537,075	$ 5,951,923
Accumulated depreciation	-	(715,238)	(937,245)	(162,145)	-	(504,855)	(2,319,483)
	$ 468,684	$ 2,673,646	$ 444,503	$ 9,877	$ 3,510	$ 32,220	$ 3,632,440

A. For the three-month periods ended March 31, 2019 and 2018, there was no capitalisation of borrowing interests attributable to the property, plant and equipment.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(9) Leasing arrangements－lessee

Effective 2019

A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 49 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	March 31, 2019		For the three-month period ended March 31, 2019	
	Carrying amount		Depreciation charge	
Land	$	128,858	$	1,014
Buildings		4,374		437
Transportation equipment (Business vehicles)		4,382		772
	$	137,614	$	2,223

C. For the three-month period ended March 31, 2019, the additions to right-of-use assets was $0.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the three-month period ended March 31, 2019	
Items affecting profit or loss		
Interest expense on lease liabilities	$	293
Expense on short-term lease contracts		2,277
Expense on leases of low-value assets		37
	$	2,607

E. For the three-month period ended March 31, 2019, the Group's total cash outflow for leases were $4,465.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(10) Leasing arrangements – lessor

Effective 2019

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the three-month period ended March 31, 2019, the Group recognised rent income in the amount of $6,542, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	March 31, 2019
2019	$ 21,691
2020	9,640
Total	$ 31,331

(11) Investment property

	Land	Buildings and structures	Total
At January 1, 2019			
Cost	$ 573,532	$ 245,710	$ 819,242
Accumulated depreciation	-	(48,691)	(48,691)
	$ 573,532	$ 197,019	$ 770,551
2019			
Opening net book amount	$ 573,532	$ 197,019	$ 770,551
Depreciation charge	-	(1,705)	(1,705)
Closing net book amount	$ 573,532	$ 195,314	$ 768,846
At March 31, 2019			
Cost	$ 573,532	$ 245,710	$ 819,242
Accumulated depreciation	-	(50,396)	(50,396)
	$ 573,532	$ 195,314	$ 768,846

	Land	Buildings and structures	Total
At January 1, 2018			
Cost	$ 573,532	$ 245,710	$ 819,242
Accumulated depreciation	-	(41,874)	(41,874)
	$ 573,532	$ 203,836	$ 777,368
2018			
Opening net book amount	$ 573,532	$ 203,836	$ 777,368
Depreciation charge	-	(1,704)	(1,704)
Closing net book amount	$ 573,532	$ 202,132	$ 775,664
At March 31, 2018			
Cost	$ 573,532	$ 245,710	$ 819,242
Accumulated depreciation	-	(43,578)	(43,578)
	$ 573,532	$ 202,132	$ 775,664

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Rental income from investment property	$ 6,542	$ 6,542
Direct operating expenses arising from the investment property that generated rental income during the period	$ 2,076	$ 2,096
Direct operating expenses arising from the investment property that did not generate rental income during the period	$ -	$ -

B. As at March 31, 2019, December 31, 2018 and March 31, 2018, the fair value of investment property held by the Group all amounted to $870,022, $870,022 and $886,343, respectively. The fair value was valuated by independent valuers. Valuations were made using the comparative approach and income approach of direct capitalization method.

C. There was no capitalisation of borrowing interests attributable to investment property.

D. Information about the investment property that was pledged to others as collaterals is provided in Note 8.

(12) Intangible assets

	2019	2018
At January 1		
Cost	$ 168,707	$ 165,921
Accumulated amortisation	(68,565)	(44,383)
	$ 100,142	$ 121,538
For the three-month period ended March 31		
Opening net book amount	$ 100,142	$ 121,538
Additions	-	385
Amortisation charge	(6,018)	(6,962)
Net exchange differences	244	(1,387)
Closing net book amount	$ 94,368	$ 113,574
At March 31		
Cost	$ 167,088	$ 162,240
Accumulated amortisation	(72,720)	(48,666)
	$ 94,368	$ 113,574

A. Details of amortisation on intangible assets are as follows:

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Operating costs	$ 44	$ 1,192
Operating expense	5,974	5,770
	$ 6,018	$ 6,962

B. The Group has no intangible assets pledged to others.

(13) Short-term borrowings

Type of borrowings	March 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 1,750,000	1% ~1.05%	None

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 1,760,000	1% ~1.0758%	None

Type of borrowings	March 31, 2018	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 2,106,000	1% ~1.15%	None

(14) Short-term notes and bills payable

	March 31, 2019	December 31, 2018	March 31, 2018
Commercial paper payable	$ -	$ -	$ 200,000
Less: Discount on short-term notes and bills payable	-	-	(60)
	$ -	$ -	$ 199,940
Interest rate ranges	-	-	0.84%

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2019
Secured borrowings	Borrowing period is from August 24, 2018 to May 8, 2021. Revolving credit facility.	1.1%~1.25%	Yes (Note)	$ 600,000
Less: Current portion				-
				$ 600,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral		December 31, 2018
Secured borrowings	Borrowing period is from August 24, 2018 to May 8, 2021. Revolving credit facility.	1.1%~1.25%	Yes (Note)	$	600,000
Less: Current portion					-
				$	600,000

March 31, 2018：None.

During the terms of the unsecured borrowing, in accordance with the unsecured borrowing agreements contracted with bank, the Group is required to maintain the consolidated net value over $8 billion and the debt ratio under 100% based on the annual consolidated financial statements and the semi-annual consolidated financial statements.

Note: Information about collateral for long-term borrowings is provided in Note 8.

(16) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) For the aforementioned pension plan, the Group recognized pension costs of $88 and $96 for the three-month periods ended March 31, 2019 and 2018, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amounts to $12.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. For the three-month periods ended March 31, 2019 and 2018, the Group had recognized pension costs of $7,312 and $7,271, respectively, under the above pension scheme.

(b) The subsidiaries provided defined contribution plans for its employees. Pursuant to local regulations, such employees and the subsidiaries each make contributions based on a certain percentage based of the salaries and wages to the pension funds. The subsidiaries had recognized pension costs of $5,773 and $6,427 for the three-month periods ended March 31, 2019 and 2018, respectively.

(17) Share-based payment

A. As of March 31, 2019 and 2018, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	October 28, 2011	3,000	9.2 years	Note 1
"	March 21, 2012	3,000	8.9 years	Note 1
First time issuance of restricted shares to employees	November 13, 2015	2,440	3 years	Note 2, Note 3
"	March 18, 2016	1,190	3 years	Note 2, Note 3
"	May 5, 2016	370	3 years	Note 2, Note 3
Treasury stock transferred to employees	March 23, 2018	3,433	-	Vested immediately

Note 1:2 years' service vest 40%, 3 years' service vest 70%, 4 years' service vest 100%.

Note 2:The restricted shares were issued at no consideration to the Company's existing employees whose service years have reached 2 years and 3 years and who achieved the performance requirement. The vested ratio is 50% and 50%, respectively. If employees who are entitled to receive restricted stocks do not meet the vesting conditions, the Company will redeem at no consideration and retire those shares.

Note 3:The stocks and dividends distributed to employees during the vesting period shall be given by the Company at no consideration. Employees are not required to return the stocks and dividends if they resign during the vesting period.

B. Details of the share-based payment arrangements are as follows:

(a) For the three-month periods ended March 31, 2019 and 2018, the information on the share options and the weighted number of average exercise price of compensation plan employee stock options are as follows:

	For the three-month period ended March 31, 2019		For the three-month period ended March 31, 2018	
	No. of options	Weighted-average exercise price (in dollars)(Note)	No. of options	Weighted-average exercise price (in dollars)(Note)
Options outstanding at beginning of the period	1,941	$ 30.61	2,453	$ 30.62
Option expired	-	-	-	-
Options exercised	-	-	-	-
Options outstanding at end of the period	1,941	30.61	2,453	30.62
Options exercisable at end of the period	1,941	30.61	2,453	30.62
Approved and not yet issued options at the end of the period	-		-	

Note: The exercise price of stock options was adjusted based on the cash dividends, stock dividends and cash capital reduction per share distributed.

(b) No stock options was exercised during the three-month periods ended March 31, 2019 and 2018.

(c) The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		March 31, 2019		December 31, 2018		March 31, 2018	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars) (Note)	No. of shares (in thousands)	Exercise price (in dollars) (Note)	No. of shares (in thousands)	Exercise price (in dollars) (Note)
October 28, 2011	December 31, 2020	1,100	$ 30.7	1,100	$ 30.7	1,420	$ 30.7
March 21, 2012	December 31, 2020	841	30.5	841	30.5	1,033	30.5

Note: The exercise price of stock options was adjusted based on the cash dividends, stock dividends and cash capital reduction per share distributed.

(d) The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (Note) (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	October 28, 2011	30.65	30.7	30.27%	5 years	1.4%	1.18%	7.42
"	March 21, 2012	27.85	30.5	33.54%	4.9 years	1.4%	1.08%	7.35

Note: The exercise price of stock options was adjusted based on the cash dividends, stock dividends and cash capital reduction per share distributed.

C. Restricted shares to employees:

The information on restricted shares to employees is as follows:

	For the three-month period ended March 31, 2019 (share in thousands)	For the three-month period ended March 31, 2018 (share in thousands)
Shares ungranted beginning balance	715	3,435
Shares granted	(565)	(1,568)
Restricted shares forfeited - retired	-	(30)
Shares ungranted ending balance	150	1,837

D. Expenses incurred on share-based payment transactions are shown below:

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Equity-settled	$ 1,620	$ 5,852

(18) Provisions

	Warranty
At January 1, 2019	$ 148,493
Additional provisions	9,944
Reversed during the period	(882)
Exchange differences	493
At March 31, 2019	$ 158,048

	March 31, 2019	December 31, 2018	March 31, 2018
Current	$ 36,632	$ 35,378	$ 31,799
Non-current	$ 121,416	$ 113,115	$ 97,264

The Group gives warranties on digital image technology application products sold. Provision for warranty is estimated based on historical warranty data of digital image technology application products.

(19) Share capital

As of March 31, 2019, the Company’s authorized capital was $5,000,000, consisting of 500,000 thousand shares of ordinary stock, and the paid-in capital was $2,740,113 with a par value of $10 (in dollars) per share.

A. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in thousands of shares)

	2019	2018
At January 1	274,011	270,386
Retired restricted shares to employees that did not meet the vesting conditions	-	(30)
At March 31	274,011	270,356

B. Treasury shares

(a) As of March 31, 2019, December 31, 2018 and March 31, 2018, the reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

March 31, 2019 and December 31, 2018：None

		March 31, 2018 (Expressed in thousands of shares)	
Shares held by	Reason for reacquisition	Number of shares	Book value
Altek Corporation	To be reissued to employees	3,433	$ 96,138

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	Share premium	Employee stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Proceeds from sales of treasury shares	Restricted shares to employees	Total
At January 1, 2019	$ 1,802,659	$ 49,102	$ 1,534	$ 395,774	$ 1,455	$ 11,873	$ 2,262,397
Employee restricted share granted	9,916	-	-	-	-	(9,916)	-
At March 31, 2019	$ 1,812,575	$ 49,102	$ 1,534	$ 395,774	$ 1,455	$ 1,957	$ 2,262,397

	Share premium	Employee stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Proceeds from sales of treasury shares	Restricted shares to employees	Total
At January 1, 2018	$ 1,750,223	$ 51,476	$ 1,534	$ 395,774	$ 209	$ 57,476	$ 2,256,692
Retirement of employee restricted shares	-	-	-	-	-	(504)	(504)
At March 31, 2018	$ 1,750,223	$ 51,476	$ 1,534	$ 395,774	$ 209	$ 56,972	$ 2,256,188

(21) Retained earnings

A. According to the Company's Articles of Incorporation, the annual earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Special reserve shall be set aside in accordance with the rules set forth in the Securities and Exchange Act, and distributing the remaining amount as common stockholders' dividends in accordance with the resolution adopted by the Board of Directors and approved at the stockholders' meeting.

B. The amount of dividends appropriated is based on the Company's current year's net income and prior years' retained earnings, taking into account the Company's financial structure and future operating plans. The distribution ratio of cash dividends to stock dividends is based on the Company's funding status, diluted earnings per share and other factors. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 20% of the total dividends distributed. Dividends appropriation shall be resolved by the stockholders at the stockholders' meeting.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriation of 2018 earnings had been resolved at the Board of Directors' meeting on March 15, 2019, and the appropriation of 2017 earnings had been resolved at the stockholders' meeting on June 15, 2018. Details are summarized below:

	2018		2017	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Legal reserve	$ 13,056		$ 1,340	
Special reserve	10,099		283,124	
Cash dividends	137,006	$ 0.5	135,178	$ 0.5
	$ 160,161		$ 419,642	

Above-mentioned appropriation of 2018 earnings is yet to be resolved by the shareholders. Furthermore, the appropriation of 2017 earnings was the same as that approved by the Board of Directors on March 23, 2018.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(28).

(22) Other equity items

	Foreign currency translation adjustment	Unrealized losses on valuation	Unearned compensation	Total
At January 1, 2019	($ 256,833)	($ 36,390)	($ 1,715)	($ 294,938)
Valuation adjustment	-	3,728	-	3,728
Currency translation differences:				
-Group	106,240	-	-	106,240
Share-based payment transactions	-	-	1,620	1,620
At March 31, 2019	($ 150,593)	($ 32,662)	($ 95)	($ 183,350)

	Foreign currency translation adjustment	Unrealized losses on valuation	Unearned compensation	Total
At January 1, 2018	($ 283,124)	$ -	($ 19,215)	($ 302,339)
Effects of retrospective application	-	(23,600)	-	(23,600)
After adjustment	($ 283,124)	($ 23,600)	($ 19,215)	($ 325,939)
Valuation adjustment	-	4,080	-	4,080
Currency translation differences:				
-Group	15,417	-	-	15,417
Retirement of restricted shares to employees	-	-	804	804
Share-based payment transactions	-	-	5,852	5,852
At March 31, 2018	($ 267,707)	($ 19,520)	($ 12,559)	($ 299,786)

(23) Operating revenue

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Revenue from contracts with customers	$ 1,723,953	$ 2,336,313

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the three-month period ended March 31, 2019	Asia	Europe	America	Taiwan	Total
Revenue from external customer contracts	$ 1,016,385	$ 438,460	$ 229,905	$ 39,203	$ 1,723,953
Timing of revenue recognition					
At a point in time	$ 1,016,385	$ 438,460	$ 229,905	$ 39,203	$ 1,723,953

For the three-month period ended March 31, 2018	Asia	Europe	America	Taiwan	Total
Revenue from external customer contracts	$ 1,933,696	$ 297,129	$ 85,903	$ 19,585	$ 2,336,313
Timing of revenue recognition					
At a point in time	$ 1,926,001	$ 297,129	$ 85,903	$ 19,585	$ 2,328,618
Over time	7,695	-	-	-	7,695
Total	$ 1,933,696	$ 297,129	$ 85,903	$ 19,585	$ 2,336,313

B. Contract assets

The Group has recognised the following revenue-related contract assets:

	March 31, 2019	December 31, 2018	March 31, 2018
Technical license contract	$ -	$ -	$ 5,820

(24) Other income

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Interest income:		
Interest income from bank deposits	$ 33,161	$ 25,926
Interest income from current financial assets at fair value through profit or loss	1,349	-
Others	9	4
Rental revenue	6,577	4,446
Other income - others	1,705	5,513
Total	$ 42,801	$ 35,889

(25) Other gains and losses

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Gains on disposal of property, plant and equipment	$ 22	$ -
Net currency exchange losses	(2,124)	(33,696)
Net gains on financial assets at fair value through profit	3,654	771
Reversal of impairment loss of investments accounted for under equity method	647	-
Other expenses	-	(77)
Total	$ 2,199	($ 33,002)

(26) Finance costs

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Interest expense	$ 6,493	$ 6,059

(27) Expenses by nature

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Employee benefit expenses	$ 289,958	$ 323,171
Depreciation charges on property, plant and equipment	47,939	56,265
Depreciation charges on investment property	1,705	1,704
Depreciation charges on right-of-use assets	2,223	-
Amortisation charges on intangible assets	6,018	6,962
Total	$ 347,843	$ 388,102

(28) Employee benefit expenses

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Wages and salaries	$ 252,486	$ 277,889
Employee stock options	1,620	5,852
Labour and health insurance fees	14,227	14,903
Pension costs	13,173	13,794
Other personnel expenses	8,452	10,733
Total	$ 289,958	$ 323,171

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute compensation to the employees and pay remuneration to the directors that account for 10% to 20% and no higher than 2%, respectively, of distributable profit of the current period. If a company has accumulated deficit, earnings should be channeled to cover losses. Employees' compensation can be distributed in the form of shares or in cash. Employees of subsidiaries that the Company holds more than 50% shareholding are entitled to receive aforementioned stock or cash.

Abovementioned distributable profit of the current period refers to the pre-tax profit before deduction of employees' compensation and directors' remuneration. A 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 distributed as employees' compensation and directors' remuneration; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

B. For the three-month periods ended March 31, 2019 and 2018, employees' compensation was accrued at $5,365 and $0, respectively; directors' and supervisors' remuneration was accrued at $715 and $0, respectively. The aforementioned amounts were recognized in salary expenses.

C. Employees' compensation and directors' and supervisors' remuneration for 2018 amounting to $29,710 and $3,961, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2018 financial statements. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Current tax:		
Current tax on profits for the year	$ 14,447	$ 14,723
Tax paid outside of the territory of the Republic of China	938	-
Adjustments in respect of prior years	(10,835)	63
Total current tax	4,550	14,786
Deferred tax:		
Origination and reversal of temporary differences	7,953	(68,363)
Impact of change in tax rate	-	62,901
Total deferred tax	7,953	(5,462)
Income tax expense	$ 12,503	$ 9,324

(b) The income tax charged to other comprehensive income is as follows:

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Changes in fair value of financial assets at fair value through other comprehensive	($ 85)	$ -
Translation differences of foreign operations	26,560	(8,937)
Impact of change in tax rate	-	119
	$ 26,475	($ 8,818)

B. As of March 31, 2019, the Company's income tax returns through 2014 and 2016 have been assessed and approved by the Tax Authority.

C. Under the amendments to the Income Tax Act which was promulgated by the President of the

Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(30) Earnings (losses) per share

	For the three-month period ended March 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 26,193	273,365	$ 0.10
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 26,193		
Assumed conversion of all dilutive potential ordinary shares			
Restricted shares to employees		604	
Employees' bonus		1,072	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 26,193	275,041	$ 0.10

	For the three-month period ended March 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to ordinary shareholders of the parent	($ 27,153)	267,996	($ 0.10)

For the three-month period ended March 31, 2018, the Group's stock options, restricted shares and employees' bonus have anti-dilution effect. Thus, no diluted losses per share is calculated.

(31) Operating leases

Prior to 2019

The Group leased part of the Taipei office building with operating leases. Contingent rents of $6,542 were recognized for these leases in profit or loss for March 31, 2018. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2018	March 31, 2018
Not more than 1 year	$ 28,921	$ 28,921
More than 1 year but not more than 5 years	9,640	31,331
	$ 38,561	$ 60,252

The Group leases land, office buildings and company cars for operational needs under non-cancellable operating lease agreements. These lease terms are between 2018 and 2027. Most of the lease agreements are renewable at the market price at the end of the lease period. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	December 31, 2018	March 31, 2018
Not more than 1 year	$ 8,333	$ 3,772
More than 1 year but not more than 5 years	20,810	15,087
Over 5 years	15,087	17,916
	$ 44,230	$ 36,775

(32) Supplemental cash flow information

Investing activities with partial cash payments

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Acquisitions of property, plant, and equipment	$ 4,242	$ 3,931
Add: Property and equipment and construction billings payable at beginning of year	1,229	12,340
Less: Property and equipment and construction billings payable at end of year	(2,212)	(9,522)
Cash paid	$ 3,259	$ 6,749

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Acquisitions of intangible assets	$ -	$ 385
Add: Payable at beginning of year	1,234	4,763
Less: Payable at end of year	(1,234)	(4,763)
Cash paid	$ -	$ 385

(33) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Guarantee deposits received	Lease liability	Total
At January 1, 2019	$ 1,760,000	$ -	$ 600,000	$ 20,470	$ 107,196	$ 2,487,666
Changes in cash flow from financing activities	(10,000)	-	-	(311)	(2,151)	(12,462)
Impact of changes in foreign exchange rate	-	-	-	319	106	425
Changes in other non-cash items	-	-	-	-	293	293
At March 31, 2019	$ 1,750,000	$ -	$ 600,000	$ 20,478	$ 105,444	$ 2,475,922

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Guarantee deposits received	Total
At January 1, 2018	$ 2,021,000	$ 199,797	$ -	$ 23,923	$ 2,244,720
Changes in cash flow from financing activities	85,000	(272)	-	(811)	83,917
Impact of changes in foreign exchange rate	-	-	-	281	281
Changes in other non-cash items	-	415	-	-	415
At March 31, 2018	$ 2,106,000	$ 199,940	$ -	$ 23,393	$ 2,329,333

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship: None.

(2) Significant transactions and balances with related parties:

No significant related party transactions.

(3) Key management compensation

	For the three-month period ended March 31, 2019	For the three-month period ended March 31, 2018
Salaries and other short-term employee benefits	$ 12,470	$ 8,603
Post-employment benefits	183	129
Share-based payments	884	2,325
Total	$ 13,537	$ 11,057

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

		Book value		
Pledged asset	Purpose	March 31, 2019	December 31, 2018	March 31, 2018
Land, buildings and structures	Long-term borrowings	$ 754,356	$ 746,621	$ -
Investment acquisition	Long-term borrowings	768,846	770,551	-
		$ 1,523,202	$ 1,517,172	$ -

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Contingencies

On December 22, 2015, the Company filed a civil complaint against HTC Corporation with the Taiwan Taipei District Court, alleging HTC Corporation's default in relation to the agreed upon Manufacturing and Supply Agreement and claiming damage of USD 11,126 thousand against HTC Corporation. As of May 10, 2019, the case is still under trial.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends, return capital or issue new shares to achieve the optimal capital structure.

(2) Financial instruments

A. Financial instruments by category

		March 31, 2019		December 31, 2018		March 31, 2018
Financial assets						
Financial assets measured at fair value through profit or loss	$	27,337	$	23,683	$	809,371
Financial assets at fair value through other comprehensive income		119,291		114,508		132,320
Financial assets at amortised cost/ Loans and receivables						
Cash and cash equivalents		7,250,769		6,495,017		5,774,474
Current financial assets at amortised cost		-		261,288		-
Current contract assets		-		-		5,820
Notes receivable		345,848		1,387,222		165,646
Accounts receivable		1,403,369		2,414,775		2,024,753
Other accounts receivable		26,243		31,712		34,144
Guarantee deposit paid		37,654		38,525		34,116
	$	9,210,511	$	10,766,730	$	8,980,644

		March 31, 2019		December 31, 2018		March 31, 2018
Financial liabilities						
Financial liabilities at amortised cost						
Short-term borrowings	$	1,750,000	$	1,760,000	$	2,106,000
Short-term notes and bills payable		-		-		199,940
Notes payable		41,283		1,049,446		133,773
Accounts payable		1,245,672		1,878,509		1,944,360
Other accounts payable		349,628		415,658		346,407
Lease liabilities		105,444		-		-
Long-term borrowings (including current portion)		600,000		600,000		-
Guarantee deposits received		20,478		20,470		23,393
	$	4,112,505	$	5,724,083	$	4,753,873

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk, and interest rate swaps are used to fix variable future cash flows. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

iv. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2019							
						Sensitivity Analysis		
	Foreign Currency Amount (In thousands)		Exchange Rate	Book Value (NTD)	Extent of Variation	Effect on Profit or (Loss)	Effect on Other Comprehensive Income (Loss)
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	88,544	30.820	$ 2,728,926	1%	$ 27,289	$ -
USD:RMB	USD	28,499	6.7335	878,339	1%	8,783	-
Financial liabilities							
Monetary items							
USD:NTD	USD	87,174	30.820	$ 2,686,703	1%	($ 26,867)	$ -
USD:RMB	USD	37,795	6.7335	1,164,842	1%	(11,648)	-

	December 31, 2018						
						Sensitivity Analysis	
	Foreign Currency Amount (In thousands)		Exchange Rate	Book Value (NTD)	Extent of Variation	Effect on Profit or (Loss)	Effect on Other Comprehensive Income (Loss)
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	62,373	30.715	$ 1,915,787	1%	$ 19,158	$ -
USD:RMB	USD	41,445	6.8632	1,272,983	1%	12,730	-
Non-monetary items							
USD:NTD	USD	872	30.715	$ 26,768	1%	$ -	$ 268
Financial liabilities							
Monetary items							
USD:NTD	USD	61,532	30.715	$ 1,889,955	1%	($ 18,900)	$ -
USD:RMB	USD	32,014	6.8632	983,310	1%	(9,833)	-

	March 31, 2018						
					Sensitivity Analysis		
	Foreign Currency Amount (In thousands)		Exchange Rate	Book Value (NTD)	Extent of Variation	Effect on Profit or (Loss)	Effect on Other Comprehensive Income (Loss)
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	55,032	29.105	$ 1,601,706	1%	$ 16,017	$ -
USD:RMB	USD	32,778	6.2881	954,004	1%	9,540	-
Financial liabilities							
Monetary items							
USD:NTD	USD	53,314	29.105	$ 1,551,704	1%	($ 15,517)	$ -
USD:RMB	USD	32,520	6.2881	946,495	1%	(9,465)	-

v. Total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2019 and 2018 amounted to $2,124 and $33,696, respectively.

Price risk

The Group is exposed to price risk because of investments held by the Group. The Group sets limits to control the transaction volume and stop-loss amount to reduce its market risk.

Cash flow and fair value interest rate risk

Interest risk arises from the changes of market interest rate causing fluctuation in financial instruments' fair value or cash received and paid in the future.

The Group raised short-term and long-term borrowings at fixed rates during the three-month periods ended March 31, 2019 and 2018, and thus had no significant cash flow interest rate risk.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Group used the forecastability to adjust historical and timely information to access the default possibility of accounts receivable, contract assets and notes receivable. On March 31, 2019, December 31, 2018 and March 31, 2018, the loss rate methodology is as follows:

	Up to 90 days past due	91~180 days past due	181 to 360 days past due	Up to 361 days	Total
At March 31, 2019					
Expected loss rate	0%	20%	50%	100%	
Total book value	$ 1,748,335	$ 536	$ 522	$ 4,438	$ 1,753,831
Loss allowance	$ -	$ -	$ 176	$ 4,438	$ 4,614

	Up to 90 days past due	91~180 days past due	181 to 360 days past due	Up to 361 days	Total
At December 31, 2018					
Expected loss rate	0%	20%	50%	100%	
Total book value	$ 3,775,678	$ 29,761	$ 6,222	$ 6,215	$ 3,817,876
Loss allowance	$ -	$ 4,375	$ 5,289	$ 6,215	$ 15,879

At March 31, 2018	Up to 90 days past due	91~180 days past due	181 to 360 days past due	Up to 361 days	Total
Expected loss rate	0%	20%	50%	100%	
Total book value	$ 2,189,150	$ -	$ -	$ 15,695	$ 2,204,845
Loss allowance	$ -	$ -	$ -	$ 8,626	$ 8,626

viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable, contract assets and notes receivable are as follows:

	2019		
	Accounts receivable	Contract assets	Notes receivable
At January 1	$ 15,879	$ -	$ -
Reversal of impairment loss	(10,543)	-	-
Write-offs	(832)	-	-
Effect of foreign exchange	110	-	-
At March 31	$ 4,614	$ -	$ -

	2018		
	Accounts receivable	Contract assets	Notes receivable
At January 1	$ 8,747	$ -	$ -
Adjustment for retrospective application of IFRS 9	-		
Reversal of impairment loss	(133)	-	-
Write-offs	(33)	-	-
Effect of foreign exchange	45	-	-
At March 31	$ 8,626	$ -	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Group’s debt financing plans, and compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Group has following undrawn borrowing facilities:

	March 31, 2019	December 31, 2018	March 31, 2018
Fixed rate:			
Expiring within one year	$ 3,455,420	$ 3,425,060	$ 1,955,420
Expiring beyond one year	600,000	600,000	-
	$ 4,055,420	$ 4,025,060	$ 1,955,420

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: March 31, 2019	Less than 1 year	Over 1 year
Short-term borrowings	$ 1,750,000	$ -
Notes payable	41,283	-
Accounts payable	1,245,672	-
Other payables	349,628	-
Lease liabilities	6,487	98,957
Long-term borrowings (including current portion)	-	600,000
Guarantee deposits received	-	20,478

Non-derivative financial liabilities: December 31, 2018	Less than 1 year	Over 1 year
Short-term borrowings	$ 1,760,000	$ -
Notes payable	1,049,446	-
Accounts payable	1,878,509	-
Other payables	415,658	-
Long-term borrowings (including current portion)	-	600,000
Guarantee deposits received	-	20,470

Non-derivative financial liabilities:

March 31, 2018	Less than 1 year	Over 1 year
Short-term borrowings	$ 2,106,000	$ -
Short-term notes and bills payable	199,940	-
Notes payable	133,773	-
Accounts payable	1,944,360	-
Other payables	346,407	-
Guarantee deposits received	-	23,393

(3) Fair value estimation

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group’s investment in listed beneficiary certificates, on-the-run derivative instruments with quoted market prices is included in Level 1.

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. The fair value of the Group’s investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

March 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Unlisted stocks	$ -	$ -	$ 27,337	$ 27,337
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	64,585	54,706	119,291
	$ -	$ 64,585	$ 82,043	$ 146,628

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Unlisted stocks	$ -	$ -	$ 23,683	$ 23,683
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	60,515	53,993	114,508
	$ -	$ 60,515	$ 77,676	$ 138,191

March 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 798,770	$ -	$ -	$ 798,770
Unlisted stocks	-	-	10,601	10,601
Financial assets at fair value through other comprehensive income				
Unlisted stocks	-	80,480	51,840	132,320
	$ 798,770	$ 80,480	$ 62,441	$ 941,691

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Open-end fund
Market quoted price	Net asset value

(b) The fair value of Level 2 financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

E. Accounting Department segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. Investment property is valuated regularly by the Group's Accounting Department segment based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2019	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Financial assets at fair value through profit or loss				
Unlisted shares	$ 27,337	Net asset value	Not applicable	Not applicable
Financial assets at fair value through comprehensive income				
Unlisted shares	54,706	Net asset value	Not applicable	Not applicable

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Financial assets at fair value through profit or loss				
Unlisted shares	$ 23,683	Net asset value	Not applicable	Not applicable
Financial assets at fair value through comprehensive income				
Unlisted shares	53,993	Net asset value	Not applicable	Not applicable

	Fair value at March 31, 2018		Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Financial assets at fair value through profit or loss					
Unlisted shares	$	10,601	Net asset value	Not applicable	Not applicable
Financial assets at fair value through comprehensive income					
Unlisted shares		51,840	Net asset value	Not applicable	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures) : Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative financial instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. The related information of investments in Mainland China: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

For the significant purchases, sales, accounts payable and accounts receivable transactions between the Company and the investee companies in Mainland China through its subsidiaries, please refer to tables 2 and 4.

14. SEGMENT INFORMATION

(1) General information

The Group mainly operates in one segment. The Chief Operating Decision-Maker reviews the Group's reporting to assess performance and allocate resources. The Group mainly has a single reportable segment.

(2) Measurement of segment information

The Group has a single reportable segment. The revenue from external customers, the related gain or loss, and the assets correspond with the consolidated revenue, consolidated operating income, and consolidated assets.

(3) Information about segment profit or loss, assets and liabilities

None.

(Blank below)

Altek Corporation and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of March 31, 2019			
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value
Altek Corporation	Gianta Co., Ltd. - Common stock	Director	Financial assets at fair value through profit or loss - non-current	762,876	$ 27,337	14.55%	$ 27,337
"	Yung Li Investments Inc. - Common stock	None	"	241,935	-	4.84%	-
"	Hua-chuang Automobile Information Technical Center Co., Ltd. - Common stock	None	Financial assets measured at fair value through other comprehensive income - non-current	5,660,000	64,585	1.72%	64,585
Altek (Kunshan) Co., Ltd.	Guangdong Kingding Optical Technology Co., Ltd.	None	"	1,200,000	6,625	6.45%	6,625
"	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	None	"	N/A	48,081	(Note)	48,081

Note : 1% of CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)'s capital contribution.

Altek Corporation and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the three-month period ended March 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)	
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
Altek Corporation	Altek International Investment Co., Ltd.	Parent and affiliated company	Purchases	$ 722,554	95%	Net 120 days	Approximately the same price with third parties	Note	($ 2,082,862)	99%
Altek International Investment Co., Ltd.	Altek (Kunshan) Co., Ltd.	"	Purchases	1,172,572	100%	Net 75 days	"	"	(749,670)	99%
Altek Biotechnology Corporation	Altek International Investment Co., Ltd.	The same ultimate parent company	Purchases	425,415	100%	"	"	"	(471,625)	100%
Altek Semiconductor (Shanghai) CO., Ltd.	Altek (Kunshan) Co., Ltd.	"	Purchases	126,277	100%	"	"	"	(943,046)	100%

Note: The payment term with third parties was net 60~120 days.

Altek Corporation and subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

March 31, 2019

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2019	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Altek International Investment Co., Ltd.	Altek Corporation	Parent company	$ 2,082,862	2.52	$ -	N/A	$ 20,778	$ -
"	Altek Biotechnology Corporation	The same ultimate parent company	471,625	3.27	-	N/A	120,940	-
Altek (Kunshan) Co., Ltd.	Alteck International Investment Co., Ltd.	Parent company	749,670	5.52	-	N/A	313,514	-
"	Altek Semiconductor (Shanghai) Co., Ltd.	The same ultimate parent company	943,046	1.58	-	N/A	390,659	-

Altek Corporation and subsidiaries

Significant inter-company transactions during the reporting periods

For the three-month period ended March 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				
Company name	Counterparty	Relationship (Note 1)	General ledger account		Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 2)
Altek Corporation	Altek International Investment Co., Ltd.	(1)	Purchases	$	722,554	Net 120 days	42%
"	"	(1)	Accounts payable		2,082,862	"	14%
Altek International Investment Co., Ltd.	Altek (Kunshan) Co., Ltd.	(3)	Purchases		1,172,572	Net 75 days	68%
"	"	(3)	Accounts payable		749,670	"	5%
Altek Semiconductor Corporation	Altek International Investment Co., Ltd.	(3)	Sales		10,765	"	1%
"	"	(3)	Accounts receivable		10,758	"	0%
"	Altek Semiconductor (Shanghai) Co., Ltd.	(3)	Royalty income		9,380	"	1%
"	"	(3)	Other receivables		50,388	"	0%
Altek Biotechnology Corporation	Altek International Investment Co., Ltd.	(3)	Purchases		425,415	"	25%
"	"	(3)	Accounts payable		471,625	"	3%
Altek (Kunshan) Co., Ltd.	"	(3)	Purchases		33,747	"	2%
Altek Trading (Shanghai) Limited	Altek (Kunshan) Co., Ltd.	(3)	Purchases		26,641	"	2%
"	"	(3)	Accounts payable		19,504	"	0%
Altek Semiconductor (Shanghai) Co., Ltd.	"	(3)	Purchases		126,277	"	7%
"	"	(3)	Notes/accounts payable		943,046	"	6%

Note 1: Relationship between transaction and counterparty is classified into the following categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 2: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 3: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Altek Corporation and subsidiaries

Information on investees

For the three-month period ended March 31, 2019

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at March 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at March 31, 2019: Number of shares	Shares held as at March 31, 2019: Ownership (%)	Shares held as at March 31, 2019: Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2019	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2019
Altek Corporation	Altek International Investment Co., Ltd.	British Virgin Islands	Investment and general business operations	$ 2,882,512	$ 2,910,046	87,769,559	100%	$ 9,027,378	($ 31,206)	($ 31,206)
"	Altek Japan Corporation	Japan	Sale of optical optical instruments	2,869	2,869	1,000	100%	11,572	73	67
"	Altek Investment Co., Ltd.	Republic of China	Investment	50,000	50,000	5,000,000	100%	39,872	-	-
"	Altek International Holding (BVI) Co, Ltd.	British Virgin Islands	Investment and general business operations	415,376	415,376	12,865,921	100%	666,727	78,164	78,164
Altek International Investment Co., Ltd.	Altek Lab Inc.	U.S.A.	Design service	113,409	113,409	11,311,875	100%	63,690	1,385	1,385
"	JinJing Optical Technology Co., ltd.	Samoa	Investment and general business operations	80,363	80,363	2,607,500	23.33%	-	(1)	-
"	Altek Semiconductor (Cayman) Co., Ltd.	Cayman Islands	Investment and general business operations	189,458	189,458	20,000,000	50%	651,122	(50,302)	(25,151)
Altek Semiconductor (Cayman) Co., Ltd.	Altek Semiconductor Corporation	Republic of China	Research design and sales of ASIC	200,000	200,000	20,000,000	100%	239,232	(57,325)	(28,663)
Altek Biotechnology Holding (Cayman) Co., Ltd.	Altek Biotechnology Corporation	Republic of China	Research and development, manufacture and sales of medical electronic equipments	415,376	415,376	40,100,000	100%	594,746	78,421	78,421

Note : The dissolution and liquidation of Altek Investment Co., Ltd was resolved by the Board of Direction on December 17, 2018. Moreover, the competent authority approved its dissolution on December 24, 2018.

Altek Corporation and subsidiaries

Information on investments in Mainland China

For the three-month period ended March 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three-month period ended March 31, 2019: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three-month period ended March 31, 2019: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan toMainland China as of March 31, 2019	Net profit (loss) of investee for the three-month period ended March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2019	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019
Altek (Kunshan) Co., Ltd. (Note 2)	Manufacture and sale of digital still cameras and its accessories	$ 1,528,672	2	$ 1,386,900	$ -	$ -	$ 1,386,900	($ 10,048)	100%	($ 10,048)	$ 4,109,049	$ -
Altek EMS (Kunshan) Co., Ltd. (Note 3)	Manufacture and sale of related engineering services	154,100	2	279,938	-	-	279,938	1,734	100%	1,734	788,613	-
Altek Trading (Shanghai) Limited	Wholesale, import and export of digital cameras, digital video cameras and their associated accessories	261,970	2	261,970	-	-	261,970	5,876	100%	5,876	310,571	-
Altek Precision (Kunshan) Co., Ltd.	Design, manufacture and sales of digital camera parts	425,316	2	425,316	-	-	425,316	270	100%	270	153,945	-
Altek Optical Technology (Kunshan) Co., Ltd.	Manufacture and sales of digital camera and its accessories and optical components	345,184	2	345,184	-	-	345,184	(903)	100%	(903)	7,227	-
Altek Semiconductor (Shanghai) Co., Ltd.	Research design and sales of imaging technologies, electronic software and hardware	46,230	2	-	-	-	-	869	50%	435	127,847	-

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in an existing company in the third area,which then investeed in the investee in Mainland China.

(3)Others.

Note 2: Including retained earnings capitalized of US$4,600 (In thousand of US dollars).

Note 3: Including retained earnings capitalized of US$3,600 (In thousand of US dollars).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Altek Corporation	$ 2,699,308	$ 3,018,634	$ -

Note:According to “REGULATIONS GOVERNING THE APPROVAL OF INVESTMENT OR TECHNICAL IN MAINLAND CHINA”on August 29, 2008, Altek Corporation obtained the approval from the Industrial Development Bureau of Ministry of Economics Affairs issued to Headquarters, so there is no need to compute the ceiling amount of the Company.