TATUNG CO., LTD.
PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT
December 31, 2018 AND 2017

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

Independent Auditors' Report

English Translation of a Report Originally Issued in Chinese

The Board of Directors and Shareholders
Tatung Co., Ltd. ("the Company")

Opinion

We have audited the accompanying parent company only balance sheets of the Company as of December 31, 2018 and the accompanying restated parent company only balance sheets of the Company as of January 1, 2017 and December 31, 2017, the related parent company only statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2018 and the related restated parent company only statements of comprehensive income, changes in equity and cash flows for the year ended December 31 2017, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audit(s) of (a) Component Auditor(s) section of our report)), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the financial performance and its cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Emphasis Matters

As mentioned in Note 4 to the parent company only financial statements, the Company has changed the measurement of investment property from cost model to fair value model. As a result, the Company revalued the amount of investments accounted for using equity method and restated its parent company only statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2017 and parent company only balance sheets of the Company as of January 1, 2017 and December 31, 2017.

Key Audit Matters

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

1. Assessment of going concern for certain investment companies that measured with equity method

   Chunghwa Picture Tubes, Ltd.("CPT") and Green Energy Technology Holding Co., Ltd., investment companies that measured with equity method, had negative equity as of December 31, 2018. Their financial statements were prepared based on going concern and they are significant subsidiaries to the Company and are material to the parent company only financial statements. Therefore, we considered this a key audit matter.

   Our audit procedures included, but not limited to, obtaining the representation letter; inquiring the management and the governing body; examining assessment made by the auditors of the investment companies that measured with equity method above; examining the board meeting minutes, negotiation documents between the subsidiaries and creditors and the application documents of financial restructuring.

   Please refer to Note 12 to financial statements for the disclosure of the matter of the Company.

2. Contingent liabilities

   Chunghwa Picture Tubes Technology (Group) Co., Ltd. filed an action in Fujian Higher People's Court against Chunghwa Picture Tubes (Bermuda) Ltd.("CPTB") for RMB 1.914 billion on December 29, 2018 and applied for property preservation against CPTB on January 8, 2019. The comprehensive holding percentage of the company to CPT is 40.12%, CPT has 100% shareholding of CPTB which was measured with equity method, the contingent matter whether the Company has joint liability is material to the parent only financial statements, and CPT and the Company claimed that the amount mentioned above could possibly be solved by legal procedures.

According to IAS 37, contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity or the amount of the obligation could not be measured reliably, therefore the Company could not recognize the liability. The assertion involved significant judgment and assessment of the management. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, obtaining and examining the supporting documents of the assertion; examining board of directors meeting minutes and legal documents; inquiring the management, the internal legal team and the external legal counsel; obtaining legal opinion from the external legal counsel to confirm the reasonableness and conformity of the accounting judgment and assessment.

Please refer to Note 9 to financial statements for the disclosure of significant contingent liability of the Company.

3. Non-financial Assets Impairment

As of December 31, 2018, the net value of property, plant and equipment accounted for 6% of the total asset of the Company, which is deemed material to the financial statements of the Company. The Company occurred operating loss in 2018, which indicated a possibility of impairment of property, plant and equipment as of December 31, 2018. In addition, the assessment process of impairment of aforementioned non-financial assets relied highly on the subjective judgment and involves uncertainty in estimation. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to obtaining representation letter; examining the evaluation of the Company made on possibility of impairment of property, plant and equipment and cash generating unit; obtaining information on assessing the recoverable amount and assumptions. We also examined the historical and other business' financial information to evaluate whether the assumptions such as sales growth rate, gross margin and operating profit margin applied in the cash flow forecast are reasonable and are in conformity. The recoverable amounts were calculated based on the external appraiser the Company appointed last year by deducting costs of disposal from fair value. We evaluated the objectivity, proficiency and reputation of the appraiser to confirm its reliability. Meanwhile, we relied on the internal expert to evaluate the relevance and reliability of methodology, assumptions, information and significant assumptions such as discount rate used when assessing possibility of impairment of property, plant and equipment. And then we assessed whether it was still appropriate for the assumption used to confirm the reasonableness of the result of the impairment test.

Please refer to Notes 5 and 6 to the financial statements for the disclosure of property, plant and equipment of the Company as of December 31, 2018.

4. Revenue Recognition

The Company recognized net sales in the amount of NT$ 19,138,488 thousand in 2018. The Company operated in various industries and their various products were sold to local as well as foreign markets. The sales terms varied, the sales amount was relatively large and the transactions were highly complicated. That the appropriateness of timing of revenue recognition when performance obligation is satisfied would affect revenue recognized. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the design and operating effectiveness of internal controls in the sales cycle; selecting samples to perform tests of details, examining contracts or sales orders; reviewing significant terms and condition of contracts; performing cut-off testing by selecting a set of samples of transactions from either side of year-end and vouching them to supporting evidences to ensure the reasonableness of revenue cut-off; performing analytical procedures on gross margin and sales from major customers; reviewing significant subsequent sales returns and discounts to verify the occurrence of sales transactions and reasonableness of the timing of revenue recognition.

We also assessed the adequacy of disclosures of operating revenues. Please refer to Notes 4, 5, and 6 to the financial statements.

5. Investment in equity method

As of December 31, 2018, the Company's investment measured with equity method is NT$ 54,021,894 thousand and was accounted for 69% of the total asset of the Company, which is deemed material to the financial statements of the Company. To examine whether the Company has substantial control over these investee companies, if it has, to confirm whether they have been treated as subsidiaries according to regulations, and been included in the consolidated financial statements. Furthermore, for the long-term equity investments that have significant influence on the invested companies, to confirm whether they were evaluated by the equity method that the above accounting treatment has a significant impact on the parent company only financial statements, therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, obtaining the latest investment structure chart regularly, querying related changes, and understanding the appropriateness of the accounting and classification of the investment measured with equity method of the Company. Evaluate the holding shares in each investment, analyze the structures of board of directors and management, and the shareholders and related investments contracts to evaluate whether the Company has complied with TIFRS for its investments.

Moreover, when confirming the investment income and loss and other comprehensive income measured with equity method, we confirmed whether the related financial statements have been certified by accountants and whether the impact of significant items of the financial statements of the investee company in the financial statements have been evaluated and whether such investments measured with equity method have been in compliance with IFRS and IAS. In addition, we sent confirmations or performed physical count to verify the existence and ownership of the investment in equity method.

Please refer to Notes 6 to the financial statements for the disclosure of appropriateness of the investments in equity method.

Other Matter – Making Reference to the Audit(s) of (a) Component Auditor(s)

We did not audit the financial statements of certain invested companies, and were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The investment in equity method amounted to NT$5,222,643 thousand and NT$5,086,768 thousand, accounting for 7% and 6% of total assets as of December 31, 2018 and 2017, respectively. The related shares of profits (losses) recognized from subsidiaries, the associates and joint ventures under the equity method amounted to NT$145,727 thousand and NT$117,231 thousand, accounting for (1)% and 113% of the net income (loss) before tax for the years ended December 31 2018 and 2017, respectively; and the related shares of other comprehensive income from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(3,344) thousand and NT$(93,854) thousand, accounting for 3% and 76% of the other comprehensive income, net, for the years ended December 31, 2018 and 2017, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Su-Wen Lin

Hsuan-Hsuan Wang

Ernst & Young, Taiwan
March 27, 2019

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

TATUNG CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
As of December 31, 2018, December 31, 2017, and January 1, 2017
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2018		December 31, 2017		January 1, 2017	
Contents	Amount	%	Amount (Restated)	%	Amount (Restated)	%
Current assets						
Cash and cash equivalents	$2,076,106	3	$1,795,653	2	$2,096,040	3
Financial assets at fair value through profit or loss, current	2,023	-	2,994	-	23,930	-
Financial assets at fair value through other comprehensive income, current	399,417	1	-	-	-	-
Available-for-sale financial assets, current	-	-	377,895	-	381,470	1
Held-to-maturity financial assets, current	-	-	-	-	826,250	1
Financial assets at amortised cost, current	829,428	1	-	-	-	-
Contract assets, current	207,800	-	-	-	-	-
Financial assets carried at cost, current	-	-	29,238	-	29,238	-
Debt instrument investments for which no active market exists, current	-	-	3,866,140	5	3,655,814	4
Notes receivable, net	203,934	-	262,273	-	256,817	-
Accounts receivable, net	2,325,816	3	2,286,908	3	2,220,381	3
Accounts receivable - related parties, net	1,839,157	2	2,215,224	3	1,955,661	2
Construction receivable	-	-	205,315	-	238,944	-
Other receivables	19,865	-	113,411	-	21,876	-
Other receivables - related parties	956,260	1	1,028,419	1	1,124,516	1
Current tax assets	13,945	-	12,513	-	14,320	-
Inventories	4,565,064	6	3,911,457	5	3,854,691	5
Prepayments	657,822	1	194,801	-	230,482	-
Non-current assets held for sale (net)	287,750	-	-	-	-	-
Total current assets	14,384,387	18	16,302,241	19	16,930,430	20
Non-current assets						
Financial assets at fair value through other comprehensive income, non-current	17,324	-	-	-	-	-
Available-for-sale financial assets, non-current	-	-	23,068	-	12,787	-
Financial assets at amortised cost, non-current	357,761	-	-	-	-	-
Financial assets carried at cost, non-current	-	-	2,300	-	2,300	-
Debt instrument investments for which no active market exists, non-current	-	-	194,966	-	126,554	-
Investments accounted for under the equity method	54,021,894	69	61,156,049	72	60,115,413	71
Property, plant and equipment	4,307,522	6	4,388,024	5	3,626,622	4
Intangible assets	12,283	-	23,529	-	59,083	-
Deferred tax assets	700,652	1	542,460	1	502,294	1
Other non-current assets	171,773	-	312,834	-	295,865	1
Refundable deposits	521,616	1	287,757	-	259,107	-
Long-term receivable	78,106	-	78,121	-	231,024	-
Long-term receivable - related parties	3,951,987	5	1,168,155	2	2,728,002	3
Prepayments for investments, non-current	106,390	-	526,285	1	-	-
Total non-current assets	64,247,308	82	68,703,548	81	67,959,051	80
Total assets	$78,631,695	100	$85,005,789	100	$84,889,481	100

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
As of December 31, 2018, December 31, 2017, and January 1, 2017
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	December 31, 2018		December 31, 2017		January 1, 2017	
Contents	Amount	%	Amount (Restated)	%	Amount (Restated)	%
Current liabilities						
Short-term loans	$4,601,696	6	$4,875,438	6	$3,968,758	5
Short-term notes and bills payable	251,911	-	301,848	-	199,923	-
Financial liabilities at fair value through profit or loss, current	-	-	627	-	260	-
Contract liabilities, current	402,967	1	-	-	-	-
Notes payable	-	-	-	-	52,000	-
Accounts payable	2,827,963	4	2,635,932	3	2,470,625	3
Accounts payable - related parties	450,407	1	364,242	1	234,580	-
Other payables	1,012,242	1	1,154,216	1	3,469,227	4
Other payables- related parties	80,513	-	81,111	-	44,942	-
Provision, current	84,912	-	59,010	-	47,551	-
Advanced receipts	100,181	-	230,357	-	117,036	-
Deferred revenue	49,794	-	-	-	-	-
Current portion of long-term loans	3,265,330	4	398,534	1	1,109,420	1
Other current liabilities - others	26,101	-	33,863	-	27,332	-
Total current liabilities	13,154,017	17	10,135,178	12	11,741,654	13
Non-current liabilities						
Long-term loans	25,290,318	32	27,839,836	33	24,405,838	29
Deferred tax liabilities	539,335	1	361,143	-	300,977	1
Long-term notes and accounts payable	23,526	-	47,663	-	79,970	-
Net defined benefit liability	654,149	1	1,174,761	1	1,831,351	2
Deposits in	1,050	-	1,755	-	4,390	-
Deferred credit for investments accounted for under the equity method	5,969,177	7	2,318,873	3	2,705,421	3
Other non-current liabilities - others	-	-	-	-	164,516	-
Total non-current liabilities	32,477,555	41	31,744,031	37	29,492,463	35
Total liabilities	45,631,572	58	41,879,209	49	41,234,117	48
Equity						
Capital stock						
Common stock	23,395,367	30	23,395,367	27	23,395,367	28
Capital reserve	3,283,032	4	3,273,505	4	2,864,841	3
Retained earnings						
Legal reserve	36,354	-	36,354	-	36,354	-
Special reserve	18,327,409	23	4,753,026	6	6,946,785	8
(Accumulated deficits) retained earnings	(10,243,598)	(13)	13,800,292	16	11,839,986	14
Total retained earnings	8,120,165	10	18,589,672	22	18,823,125	22
Other equities						
Exchange differences on translation of foreign operation	(756,437)	(1)	(1,098,677)	(1)	(709,739)	(1)
Gain or loss from investments in equity instruments measured at fair value through other comprehensive income	141,063	-	-	-	-	-
Unrealized gain or loss on available-for-sale financial assets	-	-	596,612	1	365,333	1
Equity related to non-current assets (or disposal groups) classified as held for sale	30,954	-	-	-	(26,698)	-
Total other equities	(584,420)	(1)	(502,065)	-	(371,104)	-
Treasury stock	(1,214,021)	(1)	(1,629,899)	(2)	(1,056,865)	(1)
Total equity	33,000,123	42	43,126,580	51	43,655,364	52
Total liabilities and equity	$78,631,695	100	$85,005,789	100	$84,889,481	100

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	January 1 to December 31			
	2018		2017	
	Amount	%	Amount (Restated)	%
Operating revenues	$19,348,846	100	$17,651,130	100
Less: Sales returns	(88,135)	-	(60,589)	-
Less: Sales allowances	(122,223)	-	(107,706)	-
Net operating revenues	19,138,488	100	17,482,835	100
Operating costs	(17,074,471)	(89)	(15,317,932)	(88)
Net gross (loss) profit	2,064,017	11	2,164,903	12
Unrealized gross profit	(60,493)	-	(74,468)	-
Realized gross profit	80,105	-	76,170	-
Net gross profit	2,083,629	11	2,166,605	12
Operating expenses				
Sales and marketing	(1,125,838)	(6)	(1,063,242)	(6)
General and administrative	(698,265)	(4)	(646,034)	(4)
Research and development	(642,046)	(3)	(634,655)	(3)
Expected credit impairment losses	(9,172)	-	-	-
Total operating expense	(2,475,321)	(13)	(2,343,931)	(13)
Operating loss	(391,692)	(2)	(177,326)	(1)
Non-operating income and expense				
Other income	283,862	1	469,427	2
Other gains and (losses)	(330,921)	(2)	(534,874)	(3)
Finance costs	(717,637)	(4)	(721,336)	(4)
Expected credit impairment gains	13,189	-	-	-
Share of profits or (loss) of subsidiaries, associates and joint ventures	(9,562,250)	(50)	1,067,751	6
Total non-operating income and expense	(10,313,757)	(55)	280,968	1
(Loss) income before income tax	(10,705,449)	(56)	103,642	1
Income tax benefit	62,543	-	36,675	-
Net (loss) Income	(10,642,906)	(56)	140,317	1
Other comprehensive income (loss)				
Not to be reclassified to profit or loss in subsequent periods:				
Loss on remeasurements of defined benefit plans	(37,736)	-	(7,776)	-
Gain or loss from investments in equity instruments measured at fair value through other comprehensive income	(22,580)	-	-	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method, not to be reclassified to profit or loss	(411,934)	(2)	15,279	-
To be reclassified to profit or loss in subsequent periods:				
Unrealized gain from available-for-sale financial assets	-	-	6,707	-
Equity related to non-current assets classified as held for sale	30,955	-	-	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method, to be reclassified to profit or loss	342,240	2	(137,668)	-
Other comprehensive income (loss) , net of income tax	(99,055)	-	(123,458)	-
Total comprehensive income (loss)	$(10,741,961)	(56)	$16,859	1
Basic (loss) earnings per share	$(4.75)		$0.06	
Diluted (loss) earnings per share (NT$)	$(4.75)		$0.06	

English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings			Other Capital Reserves					
Contents	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated earnings (Accumulated Deficits)	Exchange Differences on Translation of Foreign Operation	Gain or loss from investments in equity instruments measured at fair value through other comprehensive	Unrealized Gain or Loss on Financial Assets	Equity Related to Non-current Assets Classified as Held for Sale	Treasury Stock	Total
Balance after restated as of January 1, 2017	$23,395,367	$2,864,841	$36,354	$6,946,785	$(2,175,074)	$(709,739)	$-	$365,333	$(26,698)	$(1,056,865)	$29,640,304
Effect of retrospective application and retrospective restated	-	-	-	-	14,015,060	-	-	-	-	-	14,015,060
Balance after adjustments as of January 1, 2017	23,395,367	2,864,841	36,354	6,946,785	11,839,986	(709,739)	-	365,333	(26,698)	(1,056,865)	43,655,364
Special reserve used to cover accumulated deficits	-	-	-	(2,175,074)	2,175,074	-	-	-	-	-	-
Reverse of special reserve	-	-	-	(18,685)	18,685	-	-	-	-	-	-
Net income after restated in 2017	-	-	-	-	140,317	-	-	-	-	-	140,317
Other comprehensive (loss) income in 2017	-	-	-	-	7,503	(388,938)	-	231,279	26,698	-	(123,458)
(After restated) total comprehensive income (loss)	-	-	-	-	147,820	(388,938)	-	231,279	26,698	-	16,859
Disposal of treasury stocks held by subsidiaries	-	-	-	-	-	-	-	-	-	21,183	21,183
Acquisition or disposal of subsidiaries' shares	-	488,558	-	-	(381,273)	-	-	-	-	(594,217)	(486,932)
Changes in subsidiaries' ownership	-	(79,894)	-	-	-	-	-	-	-	-	(79,894)
Balance after restated as of December 31, 2017	$23,395,367	$3,273,505	$36,354	$4,753,026	$13,800,292	$(1,098,677)	$-	$596,612	$-	$(1,629,899)	$43,126,580
Balance after restated as of January 1, 2018	$23,395,367	$3,273,505	$36,354	$4,753,026	$13,800,292	$(1,098,677)	$-	$596,612	$-	$(1,629,899)	$43,126,580
Effects of retrospective application and retrospective restated	-	-	-	-	55,106	-	617,279	(596,612)	-	-	75,773
Balance after adjustments as of January 1, 2018	23,395,367	3,273,505	36,354	4,753,026	13,855,398	(1,098,677)	617,279	-	-	(1,629,899)	43,202,353
Special reserve appropriated	-	-	-	13,855,398	(13,855,398)	-	-	-	-	-	-
Special reserve used to cover accumulated deficits	-	-	-	(281,015)	281,015	-	-	-	-	-	-
Net loss in 2018	-	-	-	-	(10,642,906)	-	-	-	-	-	(10,642,906)
Other comprehensive (loss) income in 2018	-	-	-	-	(35,631)	342,240	(436,618)	-	30,954	-	(99,055)
Total comprehensive income (loss)	-	-	-	-	(10,678,537)	342,240	(436,618)	-	30,954	-	(10,741,961)
Disposal of treasury stocks held by subsidiaries	-	115,169	-	-	-	-	-	-	-	415,878	531,047
Changes in ownership interests in subsidiaries	-	(105,642)	-	-	114,326	-	-	-	-	-	8,684
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	39,598	-	(39,598)	-	-	-	-
Balance as of December 31, 2018	$23,395,367	$3,283,032	$36,354	$18,327,409	$(10,243,598)	$(756,437)	$141,063	$-	$30,954	$(1,214,021)	$33,000,123

English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the Year Ended December 31, 2018 Amount	For the Year Ended December 31, 2017 Amount (Restated)
Cash flows from operating activities:		
Net income (loss) before income tax	$(10,705,449)	$103,642
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	587,687	565,826
Amortization expense	15,939	35,859
Expected credit impairment (gain) loss	(4,017)	136,116
Loss from financial asset or financial liability at fair value through profit or loss	(25,785)	(3,533)
Interest expenses	717,637	721,336
Interest income	(17,515)	(80,419)
Dividends income	(41,753)	(39,399)
Share of (gain) loss of subsidiaries, associates and joint ventures	9,562,250	(1,067,751)
Gain on disposal of property, plant and equipment	(1,017)	(1,026)
Loss on disposal of investments	198,688	19,381
Impairment loss on non-financial assets	4,782	2,098
Unrealized gains	(19,612)	(1,702)
Changes in assets and liabilities from operating activities:		
Contract assets	(2,485)	-
Notes receivable	58,339	(5,456)
Accounts receivable	(48,080)	(66,527)
Accounts receivable - related parties	376,067	(259,563)
Construction receivables	-	33,629
Other receivables	345	(91,535)
Other receivables - related parties	72,159	128,461
Inventory	(748,359)	(56,766)
Prepayments	(463,021)	18,217
Financial assets at fair value through profit or loss	21,597	25,048
Transfer of inventory into property, plant and equipment	-	(31,220)
Other non-current assets	141,061	(181,485)
Long-term receivables	-	16,787
Long-term receivables - related parties	(783,832)	14,964
Defferred revenue	49,794	-
Contract liabilities	402,967	-
Notes Payable	-	(52,000)
Accounts payable	192,031	165,307
Accounts payable - related parties	86,165	129,662
Other payables	(149,450)	(21,618)
Other payables - related parties	(598)	36,169
Provision	25,902	11,459
Advanced receipts	(130,176)	113,321
Financial liabilities at fair value through profit or loss	4,532	-
Other current liabilities - others	(7,762)	6,531
Net defined benefit liability	(520,612)	(664,366)
Long-term payables	-	(32,307)
Cash used in operations	(1,151,581)	(372,860)
Interest received	17,515	80,419
Dividend received	2,140,537	918,486
Interest paid	(710,002)	(729,207)
Income taxes refund	81,112	3,432
Net cash provided by (used in) operating activities	377,581	(99,730)

Contents	For the Year Ended December 31, 2018 Amount	For the Year Ended December 31, 2017 Amount (Restated)
Cash flows from investing activities：		
Disposal of financial assets at fair value through other comprehensive income	55,471	-
Acquisition of financial assets at amortised cost	(162,795)	-
Disposal of financial assets at amortised cost	1,036,712	-
Acquisition of investment in debt instrument without active market	-	(278,738)
Disposal of financial assets in held-to-maturity	-	826,250
Acquisition of investments accounted for using equity method	(657,790)	(3,227,216)
Disposal of investments accounted for using equity method	298,216	-
Cash returns from capital reduction of investments accounted for under the equity method	-	76,000
Acquisition of property, plant and equipment	(419,498)	(1,300,399)
Disposal of property, plant and equipment	3,300	3,319
Increase in deposit-out	(233,859)	(28,650)
Acquisition of intangible assets	(4,693)	(305)
Increase in long-term receivables	15	-
Net cash used in investing activities	(84,921)	(3,929,739)
Cash flows from financing astivities ：		
Increase (decrease) in short-term loans	(273,742)	791,357
Increase in short-term notes and bills payable	149,904	301,925
Decrease in short-term notes and bills payable	(200,000)	(200,000)
Proceeds from long-term loans	10,021,330	5,108,704
Repayment of long-term loans	(9,704,052)	(2,270,269)
Decrease in deposits-in	(705)	(2,635)
Decrease in long-term payables	(24,137)	-
Disposal of shares of subsidiaries' equity (without losing control)	19,195	-
Net cash (used in) provided by financing astivities	(12,207)	3,729,082
Effects of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	280,453	(300,387)
Cash and cash equivalents at the beginning of periods	1,795,653	2,096,040
Cash and cash equivalents at the end of periods	$2,076,106	$1,795,653

TATUNG CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

1. Organization operations

Established in 1918, Tatung Company (the “Company”) was incorporated under the Company Act of the Republic of China (“R.O.C.”) and underwent reorganization in 1939. The total capital at that time was Taiwan Yuan $180,000, later increased to Taiwan Yuan $20,000,000 after several capital injections. After the reformation of monetary system in 1949, the total capital was converted to the equivalent of New Taiwan dollars (“NTD”) 200,000. As of December 31, 2018, the issued and registered capital was NTD23,395,367 thousand. The main activities of the Company are as follows:

(1) The design, manufacture, sale, installation, network system, automation system, lease, maintenance service, import, export and agency of the following products:

① Steel manufacturing machinery	② Industrial appliances
③ Household appliances	④ Refrigerators
⑤ Air conditioners	⑥ Metal processing machinery
⑦ Electronic products	⑧ Wire and cable
⑨ Chemical industry	⑩ Cookware
⑪ Wood-made products	⑫ Plastic products
⑬ Office equipment	⑭ Audio products
⑮ Precision meters	⑯ Transmission equipment
⑰ Transportation facilities	⑱ Healthcare products
⑲ Microbe fermentation	⑳ Construction
㉑ Furniture	㉒ Solar wafers
㉓ Water treatment engineering	㉔ Telecommunication equipment
㉕ Parking facilities	㉖ Automation machinery
㉗ Semiconductors	㉘ Real estate development and leasing

(2) Magazine publishing

(3) Customs brokerage

(4) General import/export (excluding permitted business)

(5) Development and leasing (excluding construction industry) of industrial parks on behalf of the competent authority.

The investment plans should be approved by the Board of Directors; however, the investment amount is not limited to the amount provided by Article 13 of Company Act, which states that the total investment amount shall not exceed 40% of the amount of its own paid-in capital.

The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on February 9, 1962. The Company's registered office and the main business location is at No. 22, Zhongshan North Road, Section 3, Taipei, Republic of China (R.O.C.).

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

The parent company only financial statements of the Company for the years ended December 31, 2018 and 2017 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 27, 2019.

3. Newly issued or revised standards and interpretations

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

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

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

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

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

(a) Please refer to Note 4 for the accounting policies before or after January 1, 2018.

(b) Before January 1, 2018, revenue from sale of goods (including energy contracts) was recognized when goods have been delivered to the buyer. Starting from January 1, 2018, in accordance with IFRS 15, the Company recognized revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. IFRS 15 has no impact on the Company's revenue recognition from sale of goods. For some contracts, consideration was received from customers, then the Company has the obligation to provide the services subsequently. The Company recognized the consideration received in advance from customers as advanced receipts before January 1, 2018. Starting from the date January 1, 2018, in accordance with IFRS 15, it should be recognized as contract liability. The Company reclassified advanced receipts to contract liabilities amounting to NTD85,666 thousand on January 1, 2018. To compare with the requirements of IAS 18, the advanced receipts decreased by NTD110,557 thousand and the contract liabilities increased by NTD110,557 thousand as at December 31, 2018.

(c) Before January 1, 2018, revenue from construction contracts was recognized by reference to the stage of completion which was measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. Starting from January 1, 2018, in accordance with IFRS 15, the Company recognized revenue when (or as) the Company satisfies a performance obligation by transferring a promised construction contract to a customer and also by reference to the stage (straight-line method by contract period). IFRS 15 has no significant impact on the Company's revenue recognition from rendering of constructions contracts. For some contracts, if the Company has rendered the service to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets, which is different from the accounting treatment of recognizing accounts receivable before the date of initial application. The Company reclassified construction receivable to contract assets amounting to NTD205,315 thousand on January 1, 2018. To compare with the requirements of IAS 18, the construction receivable decreased by NTD207,800 thousand, and contract assets increased by NTD207,800 thousand as at December 31, 2018. However, for some rendering of services or construction contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently. Before January 1, 2018, the Company recognized the consideration received in advance from customers under other advanced in receipts. Starting from January 1, 2018, in accordance with IFRS 15, it should be recognized as contract liabilities. The amount reclassified from advanced in receipts to contracts liabilities of the Company as at the date of initial application was NTD144,691 thousand. In addition, compared with the requirements of IAS 18, advanced in receipts decreased by NTD292,410 thousand and the contract liabilities increased by NTD292,410 thousand as at March 31, 2018.

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(d) Please refer to Note 4, Note 5 and Note 6 for additional disclosure note required by IFRS 15.

B. *IFRS 9"Financial Instruments"*

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

(a) The Company adopted IFRS 9 since January 1, 2018 and it adopted IAS 39 before January 1, 2018. Please refer to Note 4 for more details on accounting policies.

(b) In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories are based on the facts and circumstances that existed as at January 1, 2018. The classifications of financial assets and its carrying amounts as at January 1, 2018 are as follow:

IAS 39		IFRS 9	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
Fair value through profit or loss (including non-current)	$2,994	Fair value through profit or loss (including non-current)	$2,994
Fair value through other comprehensive income		Fair value through other comprehensive income (including non-current)	492,247
Available-for-sale financial assets (including 31,538 thousand measured at cost) (including non-current)	432,501		
At amortized cost		At amortized cost (including cash and cash equivalents (excluding cash on hand and petty cash), contract asset, notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables (including related parties and non-current)	13,450,967
Loans and receivables (including cash and cash equivalents, (excluding cash on hand and petty cash), notes receivable, accounts receivable, construction contracts receivable, investments in debt instrument without active market and other receivables) (including related parties and non-current)	13,450,967		
Total	$13,886,462	Total	$13,946,208

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(c) The transition adjustments from IAS 39 to IFRS 9 for the classifications of financial assets and financial liabilities as at January 1, 2018 are as follow:

IAS 39		IFRS 9			Retained earnings	Other components of equity	Non-controlling interests
Class of financial instruments	Carrying amounts	Class of financial instruments	Carrying amounts	Difference	Adjustment	Adjustment	Adjustment
Financial assets at fair value through profit or loss (Note 1)							
Held-for-trading	$2,994	Measured at fair value through profit or loss	$2,994				
Available-for-sale financial assets (including investments measured at cost with initial investment cost of NTD31,538 thousand, reported as a separate line item)(Note 2)	400,963	Measured at fair value through other comprehensive income (equity Instruments)	400,963				
	31,538	Measured at fair value through other comprehensive income (equity Instruments)	91,284	62,046	$19,228	$42,818	$-
Subtotal	432,501						
Loans and receivables (Note 3)							
Cash and cash equivalents(excluding cash on hand and petty cash)	1,744,278	Cash and cash equivalents (excluding cash on hand and Petty cash)	1,744,278				
Investments in debt instrument without active market (including non-current)	4,061,106	Financial assets measured at amortized cost (including Non-current)	4,061,106				
Notes receivable (including related parties)	262,273	Notes receivables(including related parties)	262,273				
Accounts receivables(including related parties)(construction receivables included)	4,707,447	Account receivables(including related parties)	4,502,132				
		Contract Assets	205,315				
Other receivables(including related parties)(including non-current)	2,388,106	Other receivables(including related parties and non-current)	2,388,106				
Other non-current liabilities- Deposits out	287,757	Other non-current assets- refundable deposit	287,757				
Subtotal	13,450,967						
Total	$13,886,462	Total	$13,946,208		$19,228	$42,818	$-

Notes:

1. In accordance with IAS 39, financial assets classified as held for trading which measured at fair value through profit or loss include funds and investments. In accordance with IFRS 9, as the cash flow characteristics for funds are not solely payments of principal and interest on the principal amounts outstanding, they are classified as financial assets mandatorily measured at fair value through profit or loss. The change of classifications did not change the carrying amounts of these investments.

2. In accordance with IAS 39, the Company's available-for-sale financial assets, including measured at cost, included investments in stocks of listed and unlisted companies. Adjustment details are described as follow:

   Stocks (including listed and unlisted companies)

   A. The stocks of listed companies measured at fair value is NTD400,963 thousand. As at January 1, 2018, the Company reclassified those to financial assets measured at fair value through other comprehensive income.

   B. The stocks of unlisted companies previously measured at cost in accordance with IAS 39 had an original cost of NTD31,538 thousand, which was partially impaired of NTD19,228 thousand. However, in accordance with IFRS 9, stocks of unlisted companies must be measured at fair value and shall not recognize impairment. The fair value of the stocks of unlisted companies was NTD93,584 thousand as at January 1, 2018. Accordingly, the Company adjusted the carrying amount of financial assets measured at fair value through other comprehensive income of NTD93,584 thousand and also adjusted retained earnings and other equity by NTD19,228 thousand and NTD42,818 thousand, respectively.

3. In accordance with IAS 39, the cash flow characteristics for held-to-maturity investments and loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that existed as at January 1, 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no adjustment aroused from the assessment of impairment losses for the aforementioned assets as at January 1, 2018. Therefore, there is no impact on the carrying amount as at January 1, 2018.

   As at January 1, 2018, debt instrument investments for which no active market exists (including non-current) of NTD4,061,106 thousand was reclassified to financial assets measured at amortized cost (including non-current).

(d) Please refer to Note 4, Note 5, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

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

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

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

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

Please refer to Note 12 for the related disclosures about financing activites about liabilities.

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

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

A. *IFRS 16"Leases"*

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

B. IFRIC 23 "*Uncertainty Over Income Tax Treatments*"

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

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

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

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

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

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

IFRS 3 "Business Combinations"
The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements"
The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income Taxes"

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

IAS 23 "Borrowing Costs"

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

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

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

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

A. IFRS 16 "Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The impact arising from the adoption of IFRS 16 on the Company are summarized as follows:

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

a. Leases classified as operating leases

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

i. its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate on January 1, 2019; or

ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before January 1, 2019.

The Company expects the right-of-use asset will increase by no more than 1% of total asset on January 1, 2019.

(b) The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.

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

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

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

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

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

B. IFRS 17 "*Insurance Contracts*"

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

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

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

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

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

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The abovementioned standards and interpretations has no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2018 and 2017 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

(3) Foreign currency transactions

The Company’s parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NTD).

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

All exchange differences arising from the settlement or translation of monetary items are taken into profit or loss in the period which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset. If the differences are regarded as an adjustment to interest costs, which will be capitalized and take as part of the cost of the borrowing.
B. Foreign currency items within the scope of IAS 39 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.
C. Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign entities are translated into NTD at the closing exchange rate at the balance sheet date. Income and expenses are translated at an average rate within the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

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

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

(5) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
B. The Company holds the asset primarily for the purpose of trading;
C. The Company expects to realize the asset within twelve months after the reporting period;
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

A. Financial instruments: Recognition and Measurement

The accounting policy from January 1, 2018 as follow:

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

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

(a) the Company’s business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

The accounting policy before January 1, 2018 as follow:

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit or loss. A financial asset is classified as held for trading if:

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

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

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

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

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

Available-for-sale financial assets

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

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

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

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

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

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

B. Impairment of financial assets

The accounting policy from January 1, 2018 as follow:

The Company recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

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

The loss allowance is measures as follow:

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

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

The accounting policy before January 1, 2018 as follow:

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

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

Other loss events include:

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

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

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

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

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

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

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

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

<u>Financial liabilities at amortized cost</u>

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

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

<u>Derecognition of financial liabilities</u>

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

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

E. Offsetting of financial instruments

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

(8) Derivative instrument

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

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

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

(9) Fair value measurement

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

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

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

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

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

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

(10) Inventories

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

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - purchase cost on weighted average cost formula

Work in progress and finished goods - cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity on weighted average cost formula, but not including borrowing costs.

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

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

(11) Construction contract

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The recognition of revenue and expenses by reference to the stage of completion of a contract is often referred to as the percentage of completion method. Under this method, contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and profit which can be attributed to the proportion of work completed.

When the outcome of a construction contract cannot be estimated reliably, revenue shall be recognized only to the extent of contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognized as an expense immediately.

(12) Non-current assets held for sale and discontinued operations

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

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Company retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

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

(13) Investments under equity method

The Company's investment in its subsidiaries is presented as investments accounted for using the equity method and adjusted by necessary measurements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements.

These adjustments resulted from considering the different treatments of investments in subsidiaries under IFRS 10 Consolidated Financial Statements and under IFRS applied to different entity level. These investments may be debited or credited using the equity method, as share of profits (losses) of subsidiaries, associates and joint ventures, or share of other comprehensive income (loss) of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

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

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

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

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

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

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

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

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(14) Property, plant and equipment

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

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

Buildings	3～50 year
Machinery and equipment	5～20 year
Transportation equipment	2～10 year
Office equipment	2～10 year
Leasehold improvements	The shorter of lease terms or economic useful lives
Other equipment	2～15 year

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

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

(15) Investment property

Before December 31, 2017, investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Starting from January 1, 2018, investment property is measured by fair value model and the change of fair value is recognized as profit & loss in the current period in accordance with IAS 40 "Investment property". However, those categorized held for sale and discontinued operations according to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" which met the criteria of non-current asset held for sale (including disposal group held for sale), and those met the criteria of the 53rd paragraph of IAS 40"Investment property" were excluded.

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

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

(16) Leases

Company as a lessee

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

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

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

Company as a lessor

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

(17) Intangible assets

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

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

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

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

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

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Company can demonstrate:

A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
B. Its intention to complete and its ability to use or sell the asset
C. How the asset will generate future economic benefits
D. The availability of resources to complete the asset
E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Patents

Patents are amortized over the period of useful life.

Technical cooperation costs

The technical cooperation has been granted 3~10 years of using right depends on different items.

Computer software

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

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

	Patents	Technology Cooperation Costs	Computer software
Useful lives	Finite	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the period of the patent	Amortized on a straight-line basis over the period of the technology cooperation terms	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(18) Impairment of non-financial assets

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

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

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

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

(19) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Maintenance warranties

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

Sales returns and allowances

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

(20) Treasury shares

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

(21) Revenue recognition

The accounting policy from January 1, 2018 as follow:

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

Sale of goods

The Comapny manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the right to use and gains almost all of the residual benefit). The main products of the Company are cable, voltage transformer, motors and house appliances, and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

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

The credit period of the Company’s sale of goods is from 30 to 180 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses. For some contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

Rendering of services

The Company provides maintenance services for the sale of products and other professional services. Such services are separately priced or negotiated, and provided based on contract periods. As the Company provides the maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by straight-line method over the contract period.

Most of the contractual considerations of the Company are collected evenly throughout the contract periods. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The Company usually reclassifies the aforementioned contract liability to revenue within a year and hence doesn’t lead to a significant financial component.

The accounting policy before January 1, 2018 as follow:

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

Sale of goods

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

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

Rendering of Services

Revenue from Information systems integration services is recognized by reference to the stage of completion. Stage of completion is measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Interest income

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

Dividends

Revenue is recognized when the Company has the right to receive the payment established.

(22) Borrowing costs

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

(23) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(24) Post-employment benefits

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

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

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

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

(25) Income taxes

Income tax expense (benefit) is the aggregate amount of current and deferred taxes which included in the determination of current profit or loss.

Current income tax

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

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

Deferred tax

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

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

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

(26) Change of accounting policy

According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, investment property could be measured at fair value. To provide more reliable and relevant information, with the resolution of the meeting of the board of directors, starting January 1, 2018, the Company has changed the accounting policy to measure investment property from cost model to fair value model.

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

According to IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors, the accounting policy change should be applied retrospectively. The restated comparables and the impact of the change on the consolidated financial statements are listed as follows:

Impact on balance sheet	As of December 31,2017	As of January 1,2017
Increase of investments accounted for using the equity method	14,081,307	14,015,060
Increase of retained earnings	14,081,307	14,015,060

Impact on comprehensive income statement	For the year ended December 31, 2017
Increase of share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method, not to be reclassified to profit or loss	66,247
Increase of net income	66,247
Increase of other comprehensive income	66,247
Increase of basic EPS	0.03

For certain subsidiaries of the Company which have investment properties, the fair value of investment property was mainly assessed by external independent appraisers. Please refer to Note 6(13) for more details. According to Article 6 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company has retrospectively applied the change of accounting policy to the affected items and expected amount. Reasonableness of the change was analyzed by the auditor and a review opinion was made. Such change was discussed in audit committee and board of directors and was announced after approval.

5. Significant accounting judgments, estimates and assumptions

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

Estimates and assumptions

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

(1) Fair value of financial instruments

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

(2) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs that would be directly attributable to the disposal of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Please refer to Note 6 for more details.

(3) Pension benefits

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

(4) Provisions

Provisions of commitment and contingency (including litigation)

The Company regularly estimates the legal costs according to historical experience. If the obligation is highly likely to occur and the amount can be reasonably estimated, the Company recognizes related provisions for the legal. Please refer to Note 6 for more details.

(5) Revenue recognition - sales returns and allowance

Starting from January 1, 2018:

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

Before January 1, 2018:

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

(6) Income tax

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(7) Accounts receivables–estimation of impairment loss

Starting from January 1, 2018:

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

Before January 1, 2018:

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

(8) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2018	2017
Cash on hand & petty cash	$40,523	$51,375
Cash in banks	2,027,439	1,740,536
Time deposits	200	-
Cash in transit	7,944	3,742
Total	$2,076,106	$1,795,653

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

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

	As of December 31,	
	2018	2017(Note)
Mandatorily measured at fair value through profit or loss:		
Forward foreign exchange contracts	$2,023	
Current	$2,023	
Non-current	-	
Total	$2,023	

	As of December 31,	
	2018(Note)	2017
Held for trading:		
Non-derivative financial assets		
Funds		$2,994
Current		$2,994
Non-current		-
Total		$2,994

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

Held for trading financial assets were not pledged.

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

	As of December 31,	
	2018	2017(Note)
Equity instrument investments measured at fair value through other comprehensive income :		
Listed companies stocks	$214,266	
Unlisted companies stocks	202,475	
Total	$416,741	
Current	$399,417	
Non-current	17,324	
Total	$416,741	

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

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

Financial assets at fair value through other comprehensive income were not pledged.

For equity instrument investments measured at fair value through other comprehensive income, the Company recognized dividends in the amount of NTD41,753 thousand related to investments held at the end of the reporting period

In consideration of the Company's investment strategy, the Company disposed the listed stock which were reported under equity instrument investments measured at fair value through other comprehensive income during the period. Upon derecognition, the fair value of the investments was NTD55,471 thousand, and the related cumulative unrealized evaluation gain was NTD39,598 thousand transferred from other components of equity to retained earnings.

(4) Available-for-sale financial assets

	As of December 31,	
	2018(Note)	2017
Stocks		$400,963
Current		$377,895
Non-current		23,068
Total		$400,963

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

Available-for-sale financial assets were not pledged.

(5) Financial assets measured at amortized cost

	As of December 31,	
	2018	2017(Note)
Cash in banks－reserve account	$357,761	
Pledged time deposit	828,127	
Time deposit	1,301	
Total	$1,187,189	
Current	$829,428	
Non-current	357,761	
Total	$1,187,189	

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

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

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and refer to Note 12 for more details on credit risk.

(6) Financial assets measured at cost

	As of December 31,	
	2018(Note)	2017
Stocks		$31,538
Current		$29,238
Non-current		2,300
Total		$31,538

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

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

Financial assets measured at cost were not pledged.

(7) Debt instrument investments for which no active market exists

	As of December 31,	
	2018(Note)	2017
Cash in banks-reserve accounts		$194,966
Pledged time deposits		3,866,140
Total		$4,061,106
Current		$3,866,140
Non-current		194,966
Total		$4,061,106

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

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

The Company adopted IAS 39 before January 1, 2018 and classified certain financial assets as debt instrument investments for which no active market exists. Please refer to Note 8 for more details on debt instrument investments for which no active market exists under pledged.

(8) Notes receivable

	As of December 31,	
	2018	2017
Notes receivables arising from operating activities	$203,934	$262,273
Less: loss allowance	-	-
Total	$203,934	$262,273

Notes receivables were not pledged.

The Company adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6 for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

(9) Accounts receivable and accounts receivable-related parties

	As of December 31,	
	2018	2017
Accounts receivable	$1,945,143	$1,897,049
Installment accounts receivable	417,326	413,630
Less: unrealized interest revenue – accounts receivables from installment sales	(5,753)	(2,043)
Subtotal	2,356,716	2,308,636
Less: loss allowance	(30,900)	(21,728)
Subtotal	2,325,816	2,286,908
Accounts receivable-related parties	1,843,253	2,218,511
Less: unrealized interest revenue – accounts receivables from installment sales	-	(2,168)
Less: Allowance for Sales Returns and Discounts－related parties	(3,315)	-
Subtotal	1,839,938	2,216,343
Less: loss allowance	(781)	(1,119)
Subtotal	1,839,157	2,215,224
Total	$4,164,973	$4,502,132

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

The expected recovery of the accounts receivables from installment sales is as follows:

	As of December 31,	
	2018	2017
Not later than one year	$148,796	$201,345
Later than one year and not later than two years	121,655	96,333
Later than two years	146,875	115,952
Total	$417,326	$413,630

Accounts receivables were not pledged.

The Company's credit terms are generally 30-180 day. The Company adopted IFRS 9 for impairment assessment since January 1, 2018. The carrying amount is $4,196,654 thousand as of December 31, 2018, please refer to Note 6(27) for more details on impairment of accounts receivables. The Company adopted IAS 39 for impairment assessment before January 1, 2018.

The movements in the provision for impairment of accounts receivables and accounts receivables-related parties for 2017 are as follows: (Please refer to Note 12 for disclosure of credit risk.)

	Individually impaired	Collectively impaired	Total
As of January 1, 2017	$20,135	$72,312	$92,447
Charge (reversal) for the current period	(10,246)	(59,354)	(69,600)
As of December 31, 2017	$9,889	$12,958	$22,847

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

Aging analysis of account receivables and account receivables-related parties that were past due as of the balance sheet date but not impaired is as follows:

		Past due but not impaired			
As of	Neither past due nor impaired	1 to 6 months	6 months to 1 year	More than 1 year	Total
December 31, 2017	$3,846,080	$643,436	$10,630	$1,986	$4,502,132

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(10) Construction receivables (including from related parties)

	As of December 31, 2018(Note)	As of December 31, 2017
Accumulated cost incurred		$6,135,802
Accumulated recognized project profit (loss)		276,392
Accumulated amount billed based on construction progress		(6,128,758)
Reclassification (Note 1)		(78,121)
Construction receivables		$205,315

Note: The Company adopted IFRS 15 since January 1, 2018, and construction receivables were reclassified to contract assets. Please refer to Note 6(26) for more details.

As of December 31, 2017

Items (Note 2)	Contract proceeds	Contract costs incurred	Accumulated recognized total project profit(loss)	Percentage of completion (Note 3)	Amounts billed based on construction progress	Construction contracts receivable
Percentage of completion method						
Category A	$140,272	$124,633	$10,519	91%~100%	$117,413	$17,739
Category B	6,780,947	5,719,208	250,732	9%~100%	5,714,564	255,376
Category C	1,076,798	291,961	15,141	5%~73%	296,781	10,321
Reclassifications (Note 1)	-	-	-		-	(78,121)
Total	$7,998,017	$6,135,802	$276,392		$6,128,758	$205,315

(Note 1: Aging of part of construction receivables has reached an operating cycle, hence, they are reclassified to long-term receivables.)

(Note 2: Projects involving similar products have been combined as a single item.)

(Note 3: The percentage of completion varied in each project, it is therefore presented as a range)

As of December 31, 2017, the above construction projects had not generated construction retainage of construction contracts.

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(11) Inventory

A. The details of inventories are as follows:

	As of December 31,	
	2018	2017
Raw materials	$718,745	$648,467
Work in progress	1,897,303	1,640,208
Finished good	1,640,783	1,328,762
Inventories in transit	71,663	54,334
Property under construction	236,570	239,686
Total	$4,565,064	$3,911,457

B. The cost of inventories recognized in expenses are as follows:

	For the years ended December 31,	
	2018	2017
Cost of inventories recognized in expenses (including gain and loss from inventory valuation)	$16,075,030	$14,534,143
Loss on allowance for inventory valuation (gain from price recovery of inventory)	(3,206)	69,469

The gain from price recovery of inventory is resulted from selling inferior inventories, therefore the cause for the net realizable value of inventory to be lower than the cost no longer existed.

C. Inventories were not pledged.

(12) Non-current assets held for sale or Disposal groups held for sale, net

	As of December 31,	
	2018	2017
Investments accounted for using Equity method	$287,750	$-

In the fourth quarter 2018, the board of directors of the Company has resolved to sell all of its shares of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. Such transaction is expected to be completed within a year. According to IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations, the Company recognized assets and liabilities of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. as non-current assets held for sale, net.

Non-current assets held for sale weren’t pledged.

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(13) Investments accounted for using the equity method

A. The following table lists the investments accounted for using the equity method of the Company:

	As of December 31,				As of January 1,	
	2018		2017(restated)		2017(restated)	
Name of investee company	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investment in subsidiaries:						
Listed companies						
Chunghwa Picture Tubes, Ltd. (Note 1)	$(2,978,206)	28.56	$2,314,310	28.56	$2,116,018	25.49
Tatung System Technologies Inc.	509,819	53.60	522,352	53.60	499,791	53.60
Forward Electronics Co., Ltd.	237,586	12.05	688	12.05	(17,333)	12.05
San Chih Semiconductor Co., Ltd.	(88,660)	43.18	850,234	43.18	932,455	43.18
Tatung Fine Chemicals Co.	56,885	48.27	174,081	48.27	167,816	48.27
Green Energy Technology Inc. (Note 2)	(84,478)	4.54	238,783	4.54	-	-
Subtotal	(2,347,054)		4,100,448		3,698,747	
Non-listed companies						
Taiwan Telecommunication Industry Co., Ltd.	(855,140)	100.00	(854,363)	100.00	(774,672)	100.00
Central Research Technology Co.	49,876	100.00	54,721	100.00	54,938	100.00
Tatung Consumer Products (Taiwan) Co., Ltd.	(1,181,768)	99.10	(1,068,739)	99.10	(843,320)	99.10
Tatung Sm-Cyclo Co., Ltd.	171,223	85.33	165,730	85.33	165,688	85.33
Shang-Chih Asset Development Co.	43,788,755	100.00	45,563,632	100.00	44,911,129	100.00
Chunghwa Electronic Investment Co., Ltd.	(579,043)	93.68	1,086,881	93.27	994,288	93.27
Tatung Die Casting Co.	56,246	51.00	51,797	51.00	47,752	51.00
Tatung (Thailand) Co., Ltd.	515,387	99.99	377,428	92.23	353,723	92.23
Tatung Company of Japan, Inc.	657,401	100.00	639,805	100.00	626,519	100.00
Tatung Electronics(S) Pte. Ltd.	83,125	90.00	95,813	90.00	106,158	90.00
Tatung Wire & Cable (Thailand) Co., Ltd.	-	-	74,462	100.00	73,439	100.00
Tatung Singapore Information Co., Ltd.	(55,924)	100.00	(23,095)	100.00	(22,959)	100.00
Tatung Electric (Singapore) Pte. Ltd.	962,215	100.00	776,864	100.00	859,137	100.00
Tatung Co. of America Inc.	94,751	50.00	107,333	50.00	136,528	50.00
Tatung Mexico S.A de C.V.	153,528	100.00	152,619	100.00	236,785	100.00
Tatung Science and Technology Inc.	7,612	100.00	7,435	100.00	8,130	100.00
Tatung Electric Company of America, Inc.	175,002	100.00	172,698	100.00	184,545	100.00
Tatung Netherlands B.V.	(145,958)	100.00	(125,852)	100.00	(125,852)	100.00
TATUNG CZECH s.r.o	8,728	100.00	8,791	100.00	21,593	100.00
Tatung Medical Healthcare Technologies Co., Ltd. (Note 3)	168,971	95.56	188,902	95.33	205,761	95.08
Toes Opto-Mechatronics Co.	15,444	85.00	68,615	85.00	63,481	85.00
Tatung Electric Technology (Vietnam) Co., Ltd.	-	-	22,665	100.00	40,257	100.00

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

	As of December 31,				As of January 1,	
	2018		2017(restated)		2017(restated)	
Name of investee company	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Tatung Vietnam Co. Ltd. (Note 4)	$-	-	$(247,512)	100.00	$(243,822)	100.00
Shang Chih Investment Co., Ltd.	515,296	95.83	652,346	95.83	499,474	95.83
Chih Sheng Investment Co., Ltd.	19,143	100.00	703,272	100.00	704,151	100.00
Taipei Industry Corporation	34	0.00	15	0.00	14	0.00
Tatung Forever Energy Co., Ltd. (Note 5)	462,930	97.12	257,710	98.55	194,564	98.12
Chunghwa Picture Tubes (Labuan) Ltd.	-	-	587,394	41.03	806,760	41.03
Absolute Alpha Limited	20,500	100.00	20,240	100.00	20,090	100.00
Leap High Limited	1,520	65.00	471	65.00	6,289	65.00
Tatung Global Strategy Investment And Trading (BVI) Inc. (Note 6)	-	-	-	-	(677,463)	100.00
Tungyang Energy Co., Ltd. (Note 7)	149,431	100.00	149,678	100.00	-	-
Hsieh-Chih Industrial Library Publishing Co.	972	6.91	955	6.91	931	6.91
Lansong International Co., Ltd.	-	98.33	-	98.33	-	98.33
Shang Shin Energy Co., Ltd. (Note 7)	70	100.00	-	-	-	-
Chih Kuang Energy Co., Ltd. (Note 7)	149,932	100.00	-	-	-	-
Subtotal	45,410,259		49,669,399		48,634,036	
Investment in associates:						
Listed companies						
Elitegroup Computer System Co., Ltd.	3,626,573	27.35	3,789,505	27.35	3,846,228	27.35
Non-listed companies						
Tatung-Okuma Co., Ltd.	1,285,832	49.00	1,184,201	49.00	1,074,358	49.00
Kuender & Co., Ltd.	63,880	50.00	80,458	50.00	142,461	50.00
Chung-Tai Technology Development Engineering Co.	13,227	22.00	13,165	22.00	14,162	22.00
Subtotal	4,989,512		5,067,329		5,077,209	
The balance of the investment accounted for using equity method	48,052,717		58,837,176		57,409,992	
Add: the credit balance of the investment accounted for using equity method	5,969,177		2,318,873		2,705,421	
Total	$54,021,894		$61,156,049		$60,115,413	

B. Investments in subsidiaries:

Investments in subsidiaries were presented as investments accounted for using the equity method and adjusted by necessary measurements.

As stated in Note 4, the board of directors has resolved that the subsequent measurement of the Investment property change from cost model to fair value model, and the accounting policy should be retrospectively applied. In accordance with the Company's consistency, the new accounting policy will be applied to all the subsidiaries and be prepared the financial statements for 2018 and comparing period's information. The Company will then recognize the adjustment according to the equity method.

Note 1: Chunghwa Electronics Development Co., Ltd. held a capital injection in December 2018. The Company subscribed the shares based on the holding percentage, and thus the Company's holding percentage increased to 93.68%.

Note 2: Tatung Wire & Cable (Thailand) Co., Ltd. has completed the liquidation procedures on June 13, 2018. Hence, the 7.77% of shares of Tatung (Thailand) Co., Ltd. held by Tatung Wire & Cable (Thailand) Co., Ltd. had returned to the Company. Therefore, the Company's holding percentage of Tatung (Thailand) Co., Ltd. increased to 99.99%.

Note 3: Tatung Medical Healthcare Technologies Co., Ltd. held a capital injection in July 2018. The Company subscribed to the shares proportionately and thus the Company's holding percentage increased to 95.56%.

Note 4: The Company signed contract to sell stocks in the fourth quarter 2018, expecting to sell all of the stocks of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. Such transaction is expected to be completed within a year. The Company recognized assets and liabilities of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. as non-current assets and liabilities held for sale as at December 31, 2018 according to IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations.

Note 5: Tatung Forever Energy Co., Ltd. held a capital injection, the Company didn't subscribe to the shares in proportion to the holding percentage and thus the Company's holding percentage decreased from 98.55% to 97.12%.

Note 6: Chunghwa Picture Tubes (Labuan) Ltd. has completed the liquidation procedures on December 23, 2018. Hence the Company's holding percentage of the subsidiary decreased from 41.03% to 0%.

Note 7: To expand the solar energy business, in November 2018, the Company established Chih Kuang Energy Co., Ltd. and Shang Shin Energy Co., Ltd. with NTD150,000 thousand and NTD100 thousand, respectively.

For the years ended December 31, 2018 and 2017, the Company received dividends from investing in subsidiaries and associates using the equity method amounting to NTD 2,098,784 thousand and NTD879,087 thousand, respectively.

Please refer to Note 8 for investment in subsidiaries that were pledged as collateral.

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

C. Investments in associates:

(a) Information on the material associate of the Company:

Company name: Elitegroup Computer Systems Co., Ltd.

Nature of the relationship with the associate: Elitegroup Computer Systems Co., Ltd. is engaged in manufacturing and selling related products in the Company's industry chain. The Company invested in Elitegroup Computer Systems Co., Ltd. for the purpose of upstream/downstream integration.

Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: Elitegroup Computer Systems Co., Ltd. is a listed entity on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Elitegroup Computer Systems Co., Ltd. was NTD1,883,071 thousand and NTD3,026,637 thousand, as of December 31, 2018 and 2017, respectively.

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

The summarized financial information of the associate is as follows:

	As of December 31,	
	2018	2017
Current assets	$16,896,467	$15,582,748
Non-current assets	6,603,916	6,337,971
Current liabilities	(11,845,410)	(9,631,841)
Non-current liabilities	(483,609)	(528,556)
Equity	11,171,364	11,760,322
Proportion of the Company's ownership	27.35%	27.35%
Subtotal	3,055,368	3,216,448
Goodwill	614,638	614,638
Other adjustments	(43,433)	(41,581)
Carrying amount of the investment	$3,626,573	$3,789,505

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

	For the years ended December 31,	
	2018	2017
Operating revenue	$31,796,016	$29,947,340
Profit (loss) from continuing operations	22,014	224,119
Other comprehensive income(loss), net of income tax	(55,644)	(429,894)
Total comprehensive income (loss)	(33,630)	(205,775)

(b) Except the associate mentioned above, other associates were not individually material. The aggregate financial information based on Company's share of other associates was as follows:

	For the years ended December 31,	
	2018	2017
Profit from continuing operations	$105,076	$103,809
Other comprehensive income, net of income tax	230	711
Total comprehensive income	105,306	104,520

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

(d) Investments in associates were not pledged.

D. The balances of certain investments accounted for under the equity method that were audited by other auditors were NTD5,222,643 thousand and NTD5,086,768 thousand as of December 31, 2018 and 2017, respectively. The shares of profit (loss) of associates accounted for using equity method and joint ventures that were audited by other auditors were NTD145,727 thousand and NTD117,231 thousand for the years ended December 31, 2018 and 2017, respectively. The shares of other comprehensive income (loss) of associates accounted for using equity method and joint ventures that were audited by other auditors were NTD(3,344) thousand and NTD(93,854) thousand as of December 31, 2018 and 2017, respectively.

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(14) Property, plant and equipment

A. The details of property, plant and equipment are as follows:

	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2018	$549,999	$8,110,201	$396,328	$57,872	$486,329	$1,467,013	$548,197	$11,615,939
Additions	149	69,118	14,521	1,344	15,251	53,172	265,943	419,498
Disposals	-	(135,614)	(23,258)	(4,802)	(8,023)	(129,740)	-	(301,437)
Other changes (Note)	-	811,544	7,630	-	19,879	18,353	(762,757)	94,649
As of December 31, 2018	$550,148	$8,855,249	$395,221	$54,414	$513,436	$1,408,798	$51,383	$11,828,649
As of January 1, 2017	$541,513	$7,096,421	$385,168	$59,112	$447,678	$1,513,344	$644,573	$10,687,809
Additions	1,406	63,198	17,584	1,791	42,802	41,935	1,131,683	1,300,399
Disposals	-	(282,996)	(6,808)	(3,031)	(11,231)	(98,648)	(775)	(403,489)
Other changes (Note)	7,080	1,233,578	384	-	7,080	10,382	(1,227,284)	31,220
As of December 31, 2017	$549,999	$8,110,201	$396,328	$57,872	$486,329	$1,467,013	$548,197	$11,615,939
Depreciation and impairment:								
As of January 1, 2018	$(406,389)	$(4,748,696)	$(363,019)	$(52,157)	$(340,633)	$(1,317,021)	$-	$(7,227,915)
Depreciation	(14,182)	(419,650)	(22,078)	(1,775)	(57,255)	(72,747)	-	(587,687)
Impairment	-	(4,782)	-	-	-	-	-	(4,782)
Disposals	-	135,581	23,196	4,791	7,214	128,372	-	299,154
Other changes (Note)	-	68	35	-	-	-	-	103
As of December 31, 2018	$(420,571)	$(5,037,479)	$(361,866)	$(49,141)	$(390,674)	$(1,261,396)	$-	$(7,521,127)
As of January 1, 2017	$(391,397)	$(4,677,236)	$(336,377)	$(53,247)	$(277,756)	$(1,325,174)	$-	$(7,061,187)
Depreciation	(14,992)	(353,116)	(33,605)	(1,918)	(73,496)	(88,699)	-	(565,826)
Impairment	-	(46)	(364)	-	(130)	(1,558)	-	(2,098)
Disposals	-	282,222	6,807	3,008	10,749	98,410	-	401,196
Other changes (Note)	-	(520)	520	-	-	-	-	-
As of December 31, 2017	$(406,389)	$(4,748,696)	$(363,019)	$(52,157)	$(340,633)	$(1,317,021)	$-	$(7,227,915)
Net carrying amount as of:								
December 31, 2018	$129,577	$3,817,770	$33,355	$5,273	$122,762	$147,402	$51,383	$4,307,522
December 31, 2017	$143,610	$3,361,505	$33,309	$5,715	$145,696	$149,992	$548,197	$4,388,024

(Note: Including transfer from advance payments of equipment and reclassification.)

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

No borrowing costs were capitalized as property, plant and equipment for the years ended December 31, 2018 and 2017.

Components of buildings, including main building structure, electronic engineering, electrical engineering, fire engineering, air conditioning units and elevators, are depreciated by their own respective useful lives.

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

B. Assets related to Tatung University are described as follows:

The carrying amount of Hsin-She-Gong Building (“the Building”) was NTD112,438 thousand. The Company provided the fund fully for the building. The ownership registration was completed and the Company has acquired building use permit and related licenses.

On May 6, 2017, Shan-Chih Asset Development purchased the land of Hsin-She-Gong Building and completed the transfer of title. The development plans will go with the overall plans of the Company in the future. The related development plans involved issues such as land usage modifications and urban planning. The long term plans still need continuing communication between Tatung University and the Education ministry and integrated planning.

(15) Intangible assets

Computer software cost

	Cost	Amortization and impairment	Net book value
As of January 1, 2018	$275,883	$(252,354)	$23,529
Addition	4,693	-	4,693
Disposal	(68,303)	68,303	-
Amortization	-	(15,939)	(15,939)
As of December 31, 2018	$212,273	$(199,990)	$12,283
As of January 1, 2017	$275,578	$(216,495)	$59,083
Addition	305	-	305
Amortization	-	(35,859)	(35,859)
As of December 31, 2017	$275,883	$(252,354)	$23,529

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

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

	For the years ended December 31,	
	2018	2017
Operating costs	$2,210	$2,210
Operating expense	$13,729	$33,649

(16) Other non-current assets

	As of December 31,	
	2018	2017
Advance payments in equipment	$19,739	$153,719
Other non-current assets - other	152,034	159,115
Total	$171,773	$312,834

With respect to the above mentioned other non-current assets – other, part of the lands and land prepayment were held temporarily under third parties' names because of regulatory requirements or other reasons. As of December 31, 2018 and 2017, land under third parties that had pledged to the Company were NTD66,367 thousand and NTD70,073 thousand, and land unsecured were both NTD4,669 thousand. There are still some pieces of land that the Company has not secured its right over them. The Company continues handling the issue eagerly.

(17) Long-term receivables-net

	As of December 31,	
	2018	2017
Long-term receivables	$78,106	$78,121
Less: loss allowance	-	-
Net	$78,106	$78,121

(18) Prepayments for investments

	As of December 31,	
	2018	2017
Prepayments for investments	$106,390	$526,285

Prepayments for investments of 2018 is resultd from the expected transfer of shares of Voltamp Power from royalty receivables, owing to the fact that the transfer procedure of shares has not completed, the Company recognized the transaction as the prepayments for investments.

The Company transferred the receivables due from Tatung Vietnam Co., Ltd. in the amount of NTD526,285 thousand to increase capital in December 2017. However, as of December 31, 2017, Tatung Vietnam Co., Ltd. hasn't finished the alternation registration procedures, the Company recognized the transaction as prepayments for investment.

(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

(19) Short-term loans

	Interest Rates	As of December 31, 2018	2017
Unsecured bank loans	1.77%~2.30%	$550,000	$750,000
Secured bank loans	1.63%~1.85%	2,500,000	2,700,000
L/C loans	1.00%~5.20%	1,322,140	938,082
Short-term loans in foreign currency	1.15%~4.72%	213,751	471,202
Subtotal		4,585,891	4,859,284
Due to employees	0.01%~0.17%	15,805	16,154
Total		$4,601,696	$4,875,438

The Company's unused short-term lines of credits amounted to NTD628,017 thousand and NTD1,074,547 thousand, as of December 31, 2018 and 2017, respectively.

Part of investments accounted for using the equity method and property, plant and equipment were pledged as collaterals for secured bank loans. Please refer to Note 8 for more details.

(20) Short-term notes and bills payable

Guarantors	Interest Rates	As of December 31, 2018	2017
Unsecured domestic bills payable	0.45%~1%	$252,000	$302,000
Less: Unamortized discount		(89)	(152)
Net		$251,911	$301,848

(21) Financial liabilities at fair value through profit or loss

	As of December 31, 2018	2017
Held for trading:		
Derivatives not designated as hedging Instruments		
Forward foreign exchange contracts	$-	$591
Foreign currency option	-	36
Total	$-	$627

(22) Deferred revenue

Government grants

	As of December 31, 2018	2017
Beginning balance	$544	$-
Received during the period	52,366	544
Released to the statement of comprehensive income	(3,116)	-
Reclassifications	-	(544)
Ending Balance	$49,794	$-

The government grants related to income are recognized according to the period that the related cost are recognized as expenses in a systematic manner.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(23) Long-term loans

Details of long-term loans as of December 31, 2018 and 2017 are as follows:

Lenders	As of December 31, 2018	As of December 31, 2017	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured Long-term loans from King's Town Bank	$375,000	$500,000	2.07	Effective from September 28, 2017 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Unsecured long-term loans from King's Town Bank	112,500	150,000	2.07	Effective from September 28, 2017 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Unsecured long-term loans from King's Town Bank	262,500	350,000	2.07	Effective from November 27, 2017 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Unsecured long-term loans from King's Town Bank	225,000	300,000	2.07	Effective from December 29, 2017 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Unsecured long-term loans from King's Town Bank	150,000	-	2.07	Effective from May 7, 2018 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2018	As of December 31, 2017	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured Long-term loans from Bank SinoPac	36,944	44,722	2.51~2.57	Effective July 9, 2014 to July 9, 2020. Since the first use date, principal is repaid in 36 quarterly payments.
Secured Long-term loans from Bank SinoPac	22,353	27,059	2.51~2.57	Effective February 26, 2015 to July 9, 2020. Since the first use date, principal is repaid in 36 quarterly payments.
Secured Long-term loans from Bank SinoPac	234,458	262,042	2.51~2.72	Effective April 27, 2015 to April 27, 2021. Since the first use date, principal is repaid in 48 quarterly payments.
Secured Long-term loans from Bank SinoPac	48,125	52,708	2.56	Effective June 27, 2017 to June 27, 2022. Since the first use date, principal is repaid in 48 quarterly payments.
Secured Long-term loans from Bank SinoPac	91,875	100,625	2.56	Effective June 27, 2017 to November 15, 2019. Since the first use date, principal is repaid in 48 quarterly payments.
Unsecured long-term loans from Taiwan Cooperative Bank	1,100,000	1,100,000	2.09	Effective August 19, 2017 to December 29, 2019. The principal will be repaid upon maturity.
Unsecured long-term loans from Far Eastern International Bank	-	627,417	2.02	Effective December 10, 2017 to December 22, 2020. Revolving use. Whenever individual project bills and receives payment in the compensation account, 77% of such deposit will be used to repay the principal.
Unsecured long-term loans from Far Eastern International Bank	294,172	-	2.02	Effective September 12, 2018 to June 19, 2020. Revolving use. Whenever individual project bills and receives payment in the compensation account, 77% of such deposit will be used to repay the principal.
Unsecured long-term loans from Far Eastern International Bank	700,000	-	2.02	Effective December 12, 2018 to December 5, 2020. Revolving use. Whenever individual project bills and receives payment in the compensation account, 77% of such deposit will be used to repay the principal.
Secured Long-term loans from O-Bank	33,099	33,099	2.28	Effective December 29, 2017 to December 29, 2020. The principal will be repaid in 24 monthly payments at the end of each month starting January 31, 2019. The 1st payment will be NTD750 thousand and the 2nd to 23rd payments will be NTD1,032 thousand and the remaining will be repaid on December 29, 2020.
Secured Long-term loans from O-Bank	16,000	-	2.28	Effective September 26, 2018 to December 29, 2020. The principal will be repaid in 24 monthly payments at the end of each month starting January 31, 2019. The 1st payment will be NTD369 thousand and the 2nd to 23rd payments will be NTD508 thousand and the remaining will be repaid on December 29, 2020.
Secured Long-term loans from Taishin International Bank	70,000	-	2.51	Effective July 30, 2018 to July 28, 2023. The first payment will be on the date first six months ended, and every payment will be on every end of month, the principal will be paid evenly for 180 payments.
Secured Long-term loans from Taishin International Bank	92,000	-	2.51	Effective September 12, 2018 to July 28, 2023. Since 6 months after the first use date principal is repaid in 180 monthly payments.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Lenders	As of December 31, 2018	As of December 31, 2017	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured Syndicated loans from Bank of Taiwan	$16,200,000	$16,200,000	1.93~2.06	Effective December 23, 2016 to December 23, 2021. The 1st repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1st to 4th payments will be 5% and the remaining 80% will be repaid in the 5th repayment.
Secured Syndicated loans from Bank of Taiwan	8,600,000	8,640,000	1.93~2.06	Effective December 23, 2016 to December 23, 2021. The 1st repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1st to 4th repayments will decrease the credit limit by 5% each, and the remaining 80% will be repaid in the 5th repayment.
Two-year loans due to stockholders and employees	14,946	17,353		
Subtotal	28,678,972	28,405,025		
Less: unamortized issuing cost	(123,324)	(166,655)		
	28,555,648	28,238,370		
Less: current portion	(3,265,330)	(398,534)		
Total	$25,290,318	$27,839,836		

(Note: Interest rates are rounded off to the second decimal place.)

Shan-Chih Asset Development Co. guaranteed the Company's long-term loans. As of December 31, 2018 and 2017, the balance of guarantees were NTD28,800,000 thousand and NTD27,200,000 thousand, respectively; the Company's former Chairman, W. S. Lin, guaranteed part of the Company's bank loans. However, the responsible person of the Company has changed from W. S. Lin to Wen-Yen Lin Kuo according to resolutions of the Board of Directors on February 1, 2018, and the alternation registration with the Ministry of Economic Affairs was completed on February 8, 2018. Until the day the financial statements authorized for issue in accordance with a resolution of the Board of Directors, the guarantees for the bank loans by the former Chairman, W.S. Lin, have been gradually transferred to the current Chairman, Wen-Yen Lin Kuo.

For the years ended December 31, 2018 and 2017, certain long term loans of the Company included debt covenants requiring minimum levels of liquidity ratio, liability to equity ratio, and net assets value. For the years ended December 31, 2018 and 2017, the Company did not breach any such covenants, therefore there was no immediate repayment of the loans triggered by breach of covenants.

Part of the property, plant and equipment, financial assets measured at amortized cost, and investments accounted for using the equity method were pledged as collateral for secured loans. Please refer to Note 8 for more details.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(24) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2018 and 2017 were NTD69,331 thousand and NTD68,595 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 4% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandates, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NTD65,000 thousand to its defined benefit plan during the 12 months beginning after December 31, 2018.

As of December 31, 2018 and 2017, the durations of the defined benefits plan is 2029.

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

	For the years ended December 31,	
	2018	2017
Current period service costs	$18,986	$22,069
Past service costs	2,489	-
Interest income or expense	26,786	26,014
Expected return on plan assets	(12,584)	(8,639)
Total	$35,677	$39,444

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

	As of		
	2018.12.31	2017.12.31	2017.01.01
Present value of the defined benefit obligation	$2,014,580	$2,145,834	$2,314,571
Plan assets at fair value	(1,363,053)	(973,695)	(485,830)
Subtotal	651,527	1,172,139	1,828,741
Other	2,622	2,622	2,610
Other non-current liabilities - net defined benefit liabilities(assets)	$654,149	$1,174,761	$1,831,351

Reconciliation of net defined benefit liability (asset) is as follows:

	Present value of Defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2017	$2,314,571	$(485,830)	$1,828,741
Current period service costs	22,069	-	22,069
Net interest expense (income)	26,014	(8,639)	17,375
Subtotal	2,362,654	(494,469)	1,868,185
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	(27,844)	-	(27,844)
Experience adjustments	32,790	-	32,790
Return on plan assets	-	2,830	2,830
Subtotal	4,946	2,830	7,776
Payments from the plan	(100,054)	100,054	-
Benefits paid	(121,712)	-	(121,712)
Contributions by employer	-	(582,110)	(582,110)
As of December 31, 2017	2,145,834	(973,695)	1,172,139
Current period service costs	18,986	-	18,986
Past service cost	2,489	-	2,489
Net interest expense (income)	26,786	(12,584)	14,202
Subtotal	2,194,095	(986,279)	1,207,816
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	62,470	-	62,470
Experience adjustments	(3,267)	-	(3,267)
Return on plan assets	-	(21,466)	(21,466)
Subtotal	59,203	(21,466)	37,737
Payments from the plan	(160,182)	160,182	-
Benefits paid	(78,536)	-	(78,536)
Contributions by employer	-	(515,490)	(515,490)
As of December 31, 2018	$2,014,580	$(1,363,053)	$651,527

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

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

	As of December 31,	
	2018	2017
Discount rate	0.940%	1.250%
Expected rate of salary increases	2.250%	2.250%

A sensitivity analysis for significant assumption as at December 31, 2018 and 2017 is, as shown below:

	Effect on the defined benefit obligation			
	2018		2017	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$50,612	$-	$54,073
Discount rate decrease by 0.25%	52,624	-	56,243	-

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

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

(25) Provisions, current

	Maintenance warranties
As of January 1, 2018	$59,010
Arising during the period	36,110
Utilized	(10,208)
As of December 31, 2018	$84,912
As of December 31, 2017	$59,010

Maintenance warranties

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(26) Equities

A. Common stock

As of December 31, 2018 and 2017, the Company's authorized capital and issued capital were NTD100,000,000 thousand and NTD23,395,367 thousand, with a par value of NTD10 dollar, totaling 10,000,000 thousand shares and 2,339,537 thousand shares, respectively. Each share is entitled to one voting right and the right to receive dividends.

As of December 31, 2018 and 2017, 1,000,000 thousand shares of the Company were issued as 50,000 thousand units of global depositary receipts ("GDR"), each GDR equaling to 20 shares. The GDR were listed on Luxembourg Stock Exchange.

B. Capital reserve

	As of December 31,	
	2018	2017
Subsidiaries disposed shares of Parent Company deemed as treasury stock transaction	$115,169	$-
Share of changes in net assets of subsidiaries, associates and joint ventures accounted for using the equity method	3,062,728	3,168,370
Other	105,135	105,135
Total	$3,283,032	$3,273,505

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

C. Treasury stock

As of December 31, 2018 and 2017 the Company's subsidiaries, CPT and its subsidiaries, held 59,653 thousand shares and 70,598 thousand shares of the Company's stock. Chunghwa Electronics Investment Co., subsidiary of the Company, held 0.5 thousand shares and 334 thousand shares of the Company's stock. The stocks mentioned above were held for financing purpose before the amendments of the Company Act on November 12, 2001.

FD, a subsidiary of the Company, purchased shares of the Company for a total of 36,236 thousand shares in 2016, and sold 28,691 thousand shares and 3,070 thousand shares in 2018 and 2017, respectively. Also, Chunghwa Electronics Investment Co., subsidiary of the Company, sold 333 thousand shares in 2018. Because Chunghwa Picture Tubes, Ltd. applied for financial structuring, the bank sold 10,945 thousand pledged shares. Therefore, the recognized treasury stock decreased to NTD1,214,021 thousand as of December 31, 2018.

D. Retained earnings and dividend policies:

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

(a) Payment of all taxes and dues
(b) Offset prior years' operation losses
(c) Appropriate 10% of the remaining amount after deducting items (a) and (b) as a legal reserve
(d) Appropriate or reverse special reserve in accordance with relevant laws or regulations
(e) After deducting items (a), (b), (c) and (d) above from the current year's earnings, the distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the stockholders' meeting.

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

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Jin-Guan-Zheng-Fa-Zi No. 1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

As of January 1, 2014, special reserve set aside for the first-time adoption of T-IFRS amounted to NTD15,894,690 thousand. In the shareholders' meeting in prior years, the Company resolved to make up for its losses by special reserve of NTD11,476,047 thousand and to recover the special reserve amounted to NTD124,233 thousand. Unrecovered special reserve amounted to NTD11,351,814 thousand. Also, the Company disposed of related assets and reversed special reserves of NTD70,865 thousand to retained earnings. As mentioned in Note 4 to the consolidated financial statements, the Company has changed the measurement of investment property from cost model to fair value model. The policy should be applied retrospectively to all subsidiaries of the Company based on the conformity of the Company accounting policy. As a result, the subsidiaries restated their consolidated financial statements and the Company recognized related adjustments and increase retained earnings as of January 1, 2018 according to equity method. Such retained earnings were set aside for special reserve in the amount of NTD 13,855,398 thousand according to Financial Supervisory Commission's letter. To sum up, special reserve set aside for the first-time adoption of T-IFRS amounted to NTD18,327,409 thousand as of December 31, 2018.

Details of the 2017 deficits compensation as approved by the shareholders' meeting on June 27, 2018 is as follows:

	Deficits compensation
	2017
Special reserve	$281,015

Please refer to Note 6(30) for more details about provision for employees' bonuses and compensation for directors and supervisors.

(27) Operating revenue

	For the years ended December 31,	
	2018(Note)	2017
Sale of goods	$17,520,904	$15,952,516
Less: sales returns, discounts and allowances	(210,358)	(168,295)
Revenue arising from rendering of services	1,390,239	1,178,832
Leasing revenue	414,447	495,336
Other operating revenues	23,256	24,446
Total	$19,138,488	$17,482,835

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

The Company has adopted IFRS 15 from January 1, 2018. Analysis of revenue from contracts with customers during the year is as follows:

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

A. Disaggregation of revenue

For the year 2018

	Electromechanical Energy Business Dept	Consumer products Dept	Other Business Dept	Total
Sale of goods	$10,969,057	$6,337,438	$4,051	$17,310,546
Rendering of services	1,358,363	31,876	-	1,390,239
Leases	408,563	-	5,884	414,447
Others	20,741	1,908	607	23,256
Total	$12,756,724	$6,371,222	$10,542	$19,138,488
Timing of revenue recognition :				
At a point in time	$12,061,064	$6,371,222	$10,542	$18,442,828
Over time	695,660	-	-	695,660
Total	$12,756,724	$6,371,222	$10,542	$19,138,488

B. Contract balances

(a) Contract assets

	Beginning balance	Ending balance	Difference
Construction contract	$205,315	$207,800	$2,485

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Items (Note 2)	Contract proceeds	Contract costs incurred	Accumulated recognized total project profit(loss)	Percentage of completion (Note 3)	Amounts billed based on construction progress	Construction contracts receivable
Percentage of completion method						
Category A	$77,122	$66,697	$2,134	91%~100%	$56,228	$12,603
Category B	7,416,108	5,802,588	(20,707)	9%~100%	5,609,593	172,288
Category C	1,089,102	736,011	3,666	61%~89%	640,255	99,422
Reclassifications (Note 1)	-	-	-		-	(76,513)
Total	$8,582,332	$6,605,296	$(14,907)		$6,306,076	$207,800

(Note 1: Aging of part of construction receivables has reached an operating cycle, hence, they are reclassified to long-term receivables.)
(Note 2: Projects involving similar products have been combined as a single item.)
(Note 3: The percentage of completion varied in each project, it is therefore presented as a range)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

As of December 31, 2018, the above construction projects had not generated construction retainage of construction contracts.

Please refer to Note 6(28) for more details for Impairment.

(b) Contract liabilities - current

	Beginning balance	Ending balance	Difference
Sales of goods, rendering of services and construction contracts	$230,357	$402,967	$172,610

During the period, NTD175,670 thousand included in the contract liability balance at the beginning of the period was recognized as revenue during the period. During the period, contract liabilities increased as partial of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

C. Transaction price allocated to unsatisfied performance obligations

The Company’s transaction price allocated to unsatisfied performance obligations amounted to NTD402,967 as at December 31, 2018. Management expects that 97% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue in 2019.

(28) Expected credit losses/ (gains)

	For the years ended December 31,	
	2018	2017(Note)
Operating expenses – Expected credit losses/(gains)		
Accounts receivable	$9,172	
Non-operating income and expenses - expected credit losses/(gains)		
Other receivable	(13,189)	
Subtotal	(13,189)	
Total	$(4,017)	

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The credit risk for the Company's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). Because the counterparties are banks and financial institution with good credit rating, the loss allowance is measured at an amount equal to 12-month expected credit losses of zero thousand (loss ratio of 0 %).

The Company measures the loss allowance of its contract assets and receivables (including notes receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2018 is as follow:

A. The gross carrying amount of contract asset is NTD207,800 thousand, its loss allowance amounting to NTD0 thousand which is measured at expected credit loss ratio of 0%.

B. The Company considers the Companying of receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

Optical:	Not yet due	Overdue			
	(Note 1)	1-6 months	6 months -1 year	1 year above	Total
Gross carrying amount	$2,704,136	$240,332	$21,286	$73,161	$3,038,915
Loss ratio (Note 2)	-	0.45%	34.55%	20.94%	
Lifetime expected credit losses	-	(1,077)	(7,354)	(15,318)	(23,749)
Subtotal	2,704,136	239,255	13,932	57,843	3,015,166

Consumer products:	Not yet due	Overdue			
	(Note 1)	1-6 months	6 months -1 year	1 year above	Total
Gross carrying amount	770,863	582,722	-	8,088	1,361,673
Loss ratio (Note 2)	-	0.01%	-	97.31%	
Lifetime expected credit losses	-	(61)	-	(7,871)	(7,932)
Subtotal	770,863	582,661	-	217	1,353,741
Carrying amount of accounts receivables					$4,368,907

Note 1 : The Company's notes receivables are not overdue.

Note 2 : The loss ratio is measured by using provision matrix. However, if the counterparty has occurred financial difficulties, the loss ratio would be assessed individually.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The movement in the provision for impairment of accounts receivables and others during 2018 is as follows:

	Accounts receivable	Others (Note)
Beginning balance (in accordance with IAS 39)	$22,847	$1,244,985
Transition adjustment to retained earnings	-	-
Beginning balance (in accordance with IFRS 9)	$22,847	$1,244,985
Addition/(reversal) for the current period	9,172	(13,189)
Write off	(30)	-
Exchange rate	(308)	308
Ending balance	$31,681	$1,232,104

Note: Others include other receivables and long-term receivable.

(29) Operating leases

Company as lessee

The Company entered into commercial property leases. These leases have an average life of one year with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2018 and 2017 are as follows:

	As of December 31,	
	2018	2017
Not later than one year	$262,995	$233,841
Later than one year and not later than five years	44,760	-
Later than five years	7,477	-
Total	$315,232	$233,841

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2018	2017
Minimum lease payments	$256,185	$256,546

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(30) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2018 and 2017:

By Function / By Nature	For the years ended December 31,					
	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$853,416	$1,122,945	$1,976,361	$860,469	$1,156,706	$2,017,175
Labor and health insurance	77,649	100,597	178,246	79,477	105,527	185,004
Pension	39,832	65,176	105,008	33,921	74,118	108,039
Director's remuneration	-	23,215	23,215	-	23,167	23,167
Other employee benefits expense	36,441	9,847	46,288	36,016	9,685	45,701
Depreciation	502,876	84,811	587,687	466,146	99,680	565,826
Amortization	2,210	13,729	15,939	2,210	33,649	35,859

As of December 31, 2018 and 2017, the Company employed 2,958 and 3,070 employees, respectively. Besides, 7 directors do not have adjunct position in the Company in 2018 and 2017.

The Company’s Article of Incorporation states that if there is a profit, the Company should set aside employee compensation no less than 1% of the profit and board member compensation no more than 2%. When the Company suffers an accumulated deficit, the profit should be retained to recover the deficit. The employee compensation should be paid out by shares or cash, and should be resolved in the board of directors’ meeting, with two thirds of the board members present and over half of the present members’ approval. Information of the board of directors’ resolution regarding the employees’ compensation and remuneration to directors and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

The Company suffered net loss in 2018 and thus did not estimate employees’ compensation and remuneration to directors and supervisors.

The Company had net income in 2017. However, there is still accumulated deficits that need to be covered, hence, the Company did not estimate employees’ compensation and remuneration to directors and supervisors.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(31) Non-operating income and expenses

A. Other income

	For the years ended December 31,	
	2018	2017
Dividend income	$41,753	$39,399
Interest income	(Note)	80,419
Financial assets measured at amortized cost	17,515	(Note)
Others	224,594	349,609
Total	$283,862	$469,427

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

B. Other gains and losses

	For the years ended December 31,	
	2018	2017
Gains (losses) on disposal of property, plant and equipment	$1,017	$1,026
Impairment loss of property, plant and equipment	(4,782)	(2,098)
Gains (losses) on disposal of investments	(198,688)	(19,381)
Foreign exchange gains (losses), net	(32,558)	(200,715)
Gains (losses) on financial assets / financial liabilities at fair value through profit or loss	25,785	3,533
Other gains and losses	(121,695)	(317,239)
Total	$(330,921)	$(534,874)

C. Finance costs

	For the years ended December 31,	
	2018	2017
Interest on borrowings from bank	$717,361	$721,032
Other	276	304
Total finance costs	$717,637	$721,336

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(32) Components of other comprehensive income

For the year ended December 31, 2018:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit (expense) relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(37,736)	$-	$(37,736)	$-	$(37,736)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(22,580)	-	(22,580)	-	(22,580)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(411,934)	-	(411,934)	-	(411,934)
To be reclassified to profit or loss in subsequent periods:					
Non-current asset held for sale (including disposal group) directly related to Equity	30,955	-	30,955	-	30,955
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	342,240	-	342,240	-	342,240
Total of other comprehensive income (loss)	$(99,055)	$-	$(99,055)	$-	$(99,055)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

For the year ended December 31, 2017:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit (expense) relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(7,776)	$-	$(7,776)	$-	$(7,776)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	15,279	-	15,279	-	15,279
To be reclassified to profit or loss in subsequent periods:					
Unrealized gains (losses) from available-for-sale financial assets	6,707	-	6,707	-	6,707
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(176,516)	38,848	(137,668)	-	(137,668)
Total of other comprehensive income (loss)	$(162,306)	$38,848	$(123,458)	$-	$(123,458)

The Company has accumulated a large amount of loss carry forward. Therefore, there was not significant deferred income tax effect resulted from other comprehensive income and changes in equity in 2018 and 2017, and thus the Company did not record related income tax.

(33) Income tax

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

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

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2018	2017
Current income tax expense (income):		
Current income tax charge	$(82,543)	$(56,675)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	20,000	20,000
Total income tax (income) expense	$(62,543)	$(36,675)

There was not significant deferred income tax effect resulted from other comprehensive income and changes in equity in 2018 and 2017, and thus the Company did not record related income tax.

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

	For the years ended December 31,	
	2018	2017
Accounting income (loss) before tax from continuing operations	$(10,705,449)	$103,642
Tax at the domestic rates applicable to profits in the country concerned	$(2,141,090)	$17,619
Tax effect of revenues exempt from taxation	(8,379)	(6,736)
Tax effect of expenses not deductible for tax purposes	2,100,505	(187,175)
Other	9,190	6,530
Tax effect of deferred tax assets/liabilities	91,771	189,762
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	(31,997)	-
Income tax benefit from consolidated return system	(82,543)	(56,675)
Total income tax expense (income) recognized in profit or loss	$(62,543)	$(36,675)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2018

	Beginning balance	Recognized in profit or loss	Ending balance
Temporary differences			
Deferred tax assets			
Investments accounted for using the equity method	$452,876	$139,634	$592,510
Unrealized intragroup profits and losses	12,659	(560)	12,099
Loss allowance	66,892	12,169	79,061
Others	10,033	6,949	16,982
Subtotal	542,460	158,192	700,652
Deferred tax liabilities			
Investments accounted for using the equity method	(184,940)	(106,878)	(291,818)
Provision for net defined liability	-	(74,794)	(74,794)
Unrealized gain on foreign exchange	(172,786)	3,480	(169,306)
Reserve for land revaluation	(3,417)	-	(3,417)
Subtotal	(361,143)	(178,192)	(539,335)
Deferred tax (expense)/ income		$(20,000)	
Net deferred tax assets/(liabilities)	$181,317		$161,317
Reflected in balance sheet as follows:			
Deferred tax assets	$542,460		$700,652
Deferred tax liabilities	$(361,143)		$(539,335)

For the year ended December 31, 2017

	Beginning balance	Recognized in profit or loss	Ending balance
Temporary differences			
Deferred tax assets			
Investments accounted for using the equity method	$413,936	$38,940	$452,876
Unrealized intragroup profits and losses	12,505	154	12,659
Allowance for doubtful accounts	67,769	(877)	66,892
Others	8,084	1,949	10,033
Subtotal	502,294	40,166	542,460
Deferred tax liabilities			
Investments accounted for using the equity method	(141,934)	(43,006)	(184,940)
Unrealized gain on foreign exchange	(155,626)	(17,160)	(172,786)
Reserve for land revaluation	(3,417)	-	(3,417)
Subtotal	(300,977)	(60,166)	(361,143)
Deferred tax (expense)/ income		$(20,000)	
Net deferred tax assets/(liabilities)	$201,317		$181,317
Reflected in balance sheet as follows:			
Deferred tax assets	$502,294		$542,460
Deferred tax liabilities	$(300,977)		$(361,143)

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

The following table contains information of the unused tax losses of the Company:

Year	Tax losses for the period	Unused tax losses as of December 31, 2018	Unused tax losses as of December 31, 2017	Expiration year
2017	$816,341	$480,197	$622,552	2027
2016	954,656	325,961	325,961	2026
2015	426,620	-	-	2025
2014	688,016	371,121	506,008	2024
2013	1,246,936	1,136,989	1,197,171	2023
2012	247,968	-	-	2022
2010	2,041,023	1,781,104	1,781,104	2020
2009	1,782,046	1,627,157	1,627,157	2019
	$8,203,606	$5,722,529	$6,059,953	

Unrecognized deferred tax assets

As of December 31, 2018 and 2017, the Company's unrecognized deferred tax assets amounted to NTD4,013,880 thousand, and NTD3,687,984 thousand, respectively.

The assessment of income tax returns

As of December 31, 2018, the assessment of the income tax returns of the Company through 2014.

(34) Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2018	2017
Basic and diluted earnings (loss) per share:		
Net income (loss) (in thousands of NTD)	$(10,642,906)	$140,317
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in thousands)	2,238,595	2,233,870
Basic and diluted earnings (loss) per share	$(4.75)	$0.06

There were no other transactions involving ordinary shares or potential ordinary shares between the balance sheet date and the issuance date of the financial statements.

7. Related party transactions

Related parties and relationship

Name of related parties	Relationship with the Company
Tatung University	Significant influence over the Company
Tatung Senior High School	Significant influence over the Company
Chunghwa Picture Tubes, Ltd. (“CPT”)	Subsidiaries
Tatung System Technologies Inc. (“TSTI”)	Subsidiaries
Forward Electronics Co., Ltd. (“FD”)	Subsidiaries
San Chih Semiconductor Co., Ltd.(“SCSC”)	Subsidiaries
Tatung Fine Chemicals Co., Ltd.	Subsidiaries
Central Research Technology Co.	Subsidiaries
Tatung Consumer Products (Taiwan) Co., Ltd.	Subsidiaries
Tatung SM-Cyclo Co.	Subsidiaries
Shan-Chih Asset Development Co. (“SCAD”)	Subsidiaries
Tatung Die Casting Co.	Subsidiaries
Tatung (Thailand) Co., Ltd.	Subsidiaries
Tatung Co. of Japan, Inc.	Subsidiaries
Tatung Electronics (S) Pte. Ltd.	Subsidiaries
Tatung Co. of America Inc.	Subsidiaries

Name of related parties	Relationship with the Company
TMX Logistics, Inc	Subsidiaries
Tatung Electric Company of America, Inc.	Subsidiaries
TATUNG CZECH S.R.O	Subsidiaries
Tatung Medical Healthcare Technologies Co., Ltd.	Subsidiaries
Toes Opto-Mechatronics Co.	Subsidiaries
Tatung Vietnam Co. Ltd.	Subsidiaries
Tatung Electric Technology (VN) Co., Ltd.	Subsidiaries
Shan Chih Investment Co., Ltd.	Subsidiaries
Chih Sheng Investment Co., Ltd.	Subsidiaries
Taipei Industry Corporation	Subsidiaries
Tatung Forever Energy Co., Ltd.	Subsidiaries
Tatung Global Strategy Investment and Trading (BVI) Inc. (The liquidation procedure was completed in December 2017.)	Subsidiaries
Tatung Forestry and Construction Co.	Subsidiaries
Giantplus Technology Co., Ltd. ("Giantplus") (CPT has sold all of its shares of Giantplus in March 2017.	Subsidiaries
Green Energy Technology Inc. ("GET")	Subsidiaries
Sheng Yang Energy Co., Ltd.	Subsidiaries
Tatung (Shanghai) Co., Ltd	Subsidiaries
Tatung Information Technology (Jiangsu) Co., Ltd.	Subsidiaries
Wu-jiang Tatung Electronics Trading Co. LTD	Subsidiaries
Gintung Energy Co., Ltd.	Subsidiaries
HEDA Biotechnology Co., Ltd.	Subsidiaries
Tisnet Technology Inc.	Subsidiaries
Chyun Huei Commercial Technologies Inc.	Subsidiaries
Tatung Compressors (ZHONGSHAN) Co., Ltd.	Subsidiaries
Chunghwa Electronics Development Co., Ltd.	Subsidiaries
Tatung Science and Technology, Inc.	Subsidiaries
Weifang Great Energy Trading Co., Ltd.	Subsidiaries

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Name of related parties	Relationship with the Company
Hsieh-Chih Industrial Library Publishing Co.	Associates
Tatung Okuma Co., Ltd.	Associates
Elitegroup Computer Systems Co., Ltd.	Associates
Taiwan Nissei Display System Co., Ltd	Associates
Kuender Co., Ltd.	Associates
Nature Worldwide Technology Corp.	Associates
The United Employees' Welfare Committee of Tatung	Other related party
The Employee Welfare Committee of Tatung Company	Other related party

If the transaction amount of single related party doesn't reach 10% of the transaction total amount, it will be combined to present with others.

Note: Chih Sheng Investment Co., Ltd., a subsidiary of the Company, has signed a contract for selling the shares under investments accounted for using equity method of Taiwan Nissei Display System Co., Ltd in March 2018. As of December 31, 2018, the shareholding ratio of Taiwan Nissei Display System Co., Ltd was 0%.

(1) Sales (including leasing revenue)

	For the years ended December 31,	
	2018	2017
Entity with joint control or significant influence over the Company	$1,887	$4,686
Subsidiaries		
Tatung Consumer Products (Taiwan) Co., Ltd.	3,178,567	3,362,693
Others	1,246,700	1,303,485
Associates	67,497	31,454
Other related parties	398	638
Total	$4,495,049	$4,702,956

The sales price to related parties was determined through mutual agreement based on market conditions. The collection terms for domestic related parties were 90 days, equivalent to those for domestic third parties; the collection terms for foreign related parties were 30-180 days, equivalent to these for foreign third parties.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(2) Purchase

	For the years ended December 31,	
	2018	2017
Subsidiaries	$1,582,865	$1,120,549
Associates	492,473	48,689
Total	$2,075,338	$1,169,238

The purchase price from related parties was determined through mutual agreement based on market conditions. The payment terms to related parties and third parties for domestic purchases were both net 30-150 days, while the terms for overseas purchases were both net 30-120 days.

(3) Contract assets - current

	As of December 31,	
	2018	2017(Note)
Subsidiaries	$10,321	
Less: loss allowance	-	
Net	$10,321	

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

(4) Accounts receivable – related parties

	As of December 31,	
	2018	2017
Entity with joint control or significant influence over the Company	$13	$812
Subsidiaries		
Tatung Consumer Products (Taiwan) Co., Ltd.	1,543,886	1,740,419
Others	288,816	458,071
Associates	10,538	19,209
Total	1,843,253	2,218,511
Less: loss allowance	(781)	(1,119)
Sales returns and allowances	(3,315)	-
Unrealized interest revenue – accounts receivables from instalment sales	-	(2,168)
Net	$1,839,157	$2,215,224

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(5) Construction receivables

	As of December 31,	
	2018(Note)	2017
Subsidiaries		
Chunghwa Picture Tubes, Ltd.		$17,299
Shan-Chih Asset Development Co.		7,113
		$24,412

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

(6) Others receivable – related parties (current and non-current)

	As of December 31,	
	2018	2017
Reclassified from accounts receivable due to over-due:		
Entity with joint control or significant influence over the Company	$876	$329
Subsidiaries		
Chunghwa Picture Tubes, Ltd.	2,067,050	1,446
Green Energy Technology Inc.	1,330,440	989,537
Tatung Information Technology (Jiangsu) Co., Ltd.	540,816	559,330
Shan-Chih Asset Development Co.	483,104	453,453
Others	532,376	252,671
Associates	6,057	5,160
Total	4,960,719	2,261,926
Less: loss allowance	(52,472)	(65,352)
Net	4,908,247	2,196,574
Non-current portion (Reclassified as non-current assets)	(3,951,987)	(1,168,155)
Current portion	$956,260	$1,028,419

A. In accordance with IFRS, the receivables and payables from subsidiaries were all written off when preparing the consolidated financial statements, and therefore not recognizing the allowance loss when preparing the financial statements.

B. The Company provided an endorsement in the amount of NTD2 billion to Chunghwa Picture Tubes, Ltd. for its bank loans. As Chunghwa Picture Tubes, Ltd. applied for financial structuring, banks offset the NTD2 billion endorsement against the loans. Hence, the endorsement provided by the Company had become a claim against Chunghwa Picture Tubes, Ltd. and was recognized as financing provided to Chunghwa Picture Tubes, Ltd.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(7) Prepayments for business facilities

	As of December 31,	
	2018	2017
Subsidiaries	$15,597	$149,624

(8) Contract liabilities - current

	As of December 31,	
	2018	2017(Note)
Subsidiaries	$16	

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

(9) Accounts payable – related parties

	As of December 31,	
	2018	2017
Subsidiaries		
Tatung System Technologies Holding Ltd.	$133,376	$2,551
Tatung Information Technology (Jiangsu) Co., Ltd.	47,027	35,320
Tatung Co. of Japan, Inc.	5,305	200,204
Others	93,669	97,384
Associates		
Elitegroup Computer Systems Co., Ltd.	171,030	28,783
Total	$450,407	$364,242

(10) Other payable– related parties

	As of December 31,	
	2018	2017
Entity with joint control or significant influence over the Company	$207	$70
Subsidiaries		
Tisnet Technology Inc.	20,570	3,248
Tatung System Technologies Inc.	18,291	19,430
Tatung Consumer Products (Taiwan) Co., Ltd.	15,756	1,019
Tatung Forever Energy Co., Ltd.	9,442	37,000
Others	8,780	18,937
Associates	7,417	1,357
Other related parties	50	50
Total	$80,513	$81,111

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

(11) Acquisition of property, plant and equipment and intangible assets

	Acquisition proceeds	
	2018	2017
Subsidiaries		
Tatung Forever Energy Co., Ltd.	$87,200	$88,190
Apollo Solar Energy Co., Ltd.	16,788	381,915
Others	19,589	28,849
Associates	619	940
Total	$124,196	$499,894

(12) Compensation of key management personnel

	For the years ended December 31,	
	2018	2017
Short-term employee benefits	$37,066	$33,034
Post-employment benefits	154	155
Total	$37,220	$33,189

(13) Operating expense－rent expenditure

	For the years ended December 31,	
	2018	2017
Entity with joint control or significant influence over the Company	$30	$30
Subsidiaries		
Shan-Chih Asset Development Co.	125,815	127,996
Others	3,730	-
	$129,575	$128,026

There were no significant differences in terms of rental between related parties and arm's length transactions. The rent was decided by the local market, location, floor, and size.

(14) Notes endorsement and guarantee

The balances of guarantees that the Company provided for related parties as of December 31, 2018, and 2017 were as follows:

Name of related parties	Purpose	December 31, 2018
Tatung Company of Japan, Inc.	Pledged for financing	NTD 1,553,200 thousand

Name of related parties	Purpose	December 31, 2017
Tatung Company of Japan, Inc.	Pledged for financing	NTD 1,772,400 thousand
Chunghwa Picture Tubes, Ltd.	Pledged for financing	NTD 3,000,000 thousand

The chairman of the Company guaranteed part of the bank loans for the Company.
Please refer to Note 6 (23) for more details

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

8. Assets pledged as security

The following table lists assets of the Company pledged as collateral:

	Carrying amounts as of December 31,		
	2018	2017	Purpose of pledge
Machines and other Equipment	$1,004,494	$487,063	Loans
Investment in debt instrument investments with no active market exists	(Note)	4,061,106	Construction security deposit and loans
Financial assets measured at amortized cost	1,185,888	(Note)	Construction security deposit and loans
Investments accounted for under the equity method	1,998,052	2,772,568	Loans and commodity tax controversy
Total	$4,188,434	$7,320,737	

In addition to the pledged assets mentioned above, the Company pledged property, plant and equipments for loans.

Note: The Company has adopted IFRS 9 from January 1, 2018. The Company elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (January 1, 2018).

9. Commitments and contingencies

(1) The promissory notes issued by the Company to secure bank loans, construction performance bond and tariff guarantee amounted to NTD2,522,250 thousand.

(2) The Company's unused letters of credit for importing raw materials and machinery amounted to USD10,336 thousand, EUR767 thousand, JPY36,977 thousand, RMB412 thousand, SEK142 thousand, and CHF21 thousand.

(3) Performance bond issued by financial institutions amounted to NTD866,042 thousand, and USD131 thousand.

(4) The Company applied to Mega International Commercial Bank and Bank of Taiwan for credit lines to be issued for Tatung Co., of Japan, Inc. The promissory notes amounted to NTD893,200 thousand and NTD660,000 thousand.

(5) As of December 31, 2018, the significant contingencies and unrecognized contract commitments of the Company are as follows:

A. King Pro Group (“King Pro”) and Ka Hung Exhibition Co., Ltd. (“Ka Hung”) contracted with the Company as subcontractors to construct part of the Talin Power Plant, for which tender the Company contracted with Kai Yuan Construction Co., Ltd. However, King Pro and Ka Hung failed to complete the construction upon deadline and both parties claimed to terminate the contract. King Pro and Ka Hung claimed that the Company had not paid construction examination fees, prepayments and advances and filed an action against the Company to claim payment of NTD23,610 thousand. In addition, the Company filed for provisional seizure against King Pro and Ka Hung on March 21, 2016 and claimed indemnities resulted from advances and contract termination. The next trial date is May 29, 2019.

B. The Company engaged in a construction project with Taiwan Railways Administration, MOTC (“Taiwan Railways”). There is still a dispute regarding the overdue fine charged by Taiwan Railways as the Company didn’t complete the project on time. The Company had engaged an attorney to file a mediation to the Public Construction Commission. The Company engaged in integration of logistics system (“Taiwan Railways- Case A”), and were rejected by Taiwan Railways due to the requirements change and that Case A need to be along with the integration of accounting system(“Taiwan Railways- Case B”) for more than 3 years. The Company has prosecuted a request of receipting the Case A and paying for the final payment to the Taipei District Court on August 8, 2018. Case A will began the court session on May 3, 2019. The Company engaged in integration of accounting system (“Taiwan Railways- Case B”), and the requirements has changed frequently and rejected to receipt, so the Company had prosecuted a request of receipting the Case B and paying for the final payment to the Taipei District Court. Case B will began the court session on April 3, 2019.

C. The Company and Toshiba Electronics Components Taiwan Corporation (“Toshiba”) signed a contract regarding “the purchase and the assembly of motor and fan of the Taiwan Railways TILTING train and EMU800 train”. The Company completely followed the blueprint of Toshiba, but Toshiba claimed that the products were faulty and claimed damages amounting to NTD58,125 thousand, requiring the Company to pay. The Chinese Arbitration Association, Taipei made a judgement that it wouldn’t handle this case because of the jurisdiction. Toshiba also filed an arbitration in Tokyo. The Japan Commercial Arbitration Association held the final arbitration on March 6, 2019, and considered that there was no further investigation needed and made the final judgement.

D. The Company engaged in a smart electrical meter project with Taiwan Power Company, ("Taiwan Power"). The Company delivered the products according to the purchase contracts signed and finished the inspection and acceptance, and payment collection. However, there is still a dispute regarding the warranty coverage of "Meter Interface Unit" of the smart electrical meter. The mediation Committee was held on July 27, 2018, the Company agreed with the mediation but Taiwan Power didn't. Hence, the Company turned to Public Construction Commission and it was determined by members in the appeals committee that the Company wasn't responsible for the warranties. Therefore, the claim of Taiwan Power was unreasonable.

E. Hwang Chang General Contractor Co., LTD ("Hwang Chang") engaged in a construction project led by the East District Project Office of the Department of Rapid Transit Systems, Taipei City Government: "Taipei Urban Metro System Circular Line Sections CF640 to CF641A Electricity, Plumbing and Environmental Control Construction." Such project was outsourced to the Company on August 3, 2014. However, the Company deemed that Hwang Chang delayed in delivering the construction site for about a year during the contract period. The Company couldn't start the construction and collect payments during the delay period. Hence, the construction cost was a lot higher than expected. The Company terminated the contract after giving notice to Hwang Chang. Afterwards, Hwang Chang claimed against the Company for damages of price differences between contract prices with other subcontractors. This legal action is under Taiwan Shilin District Court's jurisdiction and the court session will be on May 21, 2019.

F. The Company outsourced "Office relocation and expansion of Taiwan Taoyuan District Court and new construction project of Dang Cheng Building" to Da Hong Chung Technical Engineering Co., Ltd ("Da Hong Chung"). The Company deemed that Da Hong Chung did not assign sufficient workers as contracted and hence delayed the construction progress. The Company notified Da Hong Chung to increase manpower for the project. However, Da Hong Chung refused to do so because it claimed that the Company had not paid the additional construction fee. The Company terminated the contract on October 19, 2017 and would claim damages against Da Hong Chung for the delay when the construction is completed. Da Hong Chung filed a legal action to the Taiwan Taipei District Court to claim its construction receivable in February 2018. The next court session will be on May 10, 2019.

G. United Aerotech System Corporation filed a legal action against the Company on January 6, 2010, claiming payments of consultant fees amounting to NTD1,490 thousand. Both parties reached a settlement in 2017. However, on March 12, 2018, the Company received the indictment from United Aerotech System Corporation claiming consulting fee amounting to NTD32,643 thousand. The Company had appointed attorneys to handle the issue. The court has required United Aerotech System Corporation to present detailed evidence and to explain the reasons and necessity. The next court session will be on April 3, 2019.

H. Based on “Commitment to proportion of related party transactions of the listed company after completion of acquisition and future business performance of the listed company” 【refer to Commitment (2)B below】 signed on September 11, 2014 by Chunghwa Picture Tubes (Bermuda) Ltd. (“CPTB”) and Chunghwa Picture Tubes Technology (Labuan) Ltd. (“CPTTG(L)”), on February 12, 2019, CPTTG released the “Announcement of litigation and property preservation” (Ref. No. 2019-018). The announcement stated that, on December 29, 2018, CPTTG filed an legal action against CPTB at the People's High Court of Fujian, claiming for payment in the amount of RMB 1.914 billion. On January 8, 2019, CPTTG took and filed property preservation measures against CPTB. As a result, the People's High Court of Fujian blocked and seized CPTB’s following assets:

(1) 729,289,715 shares of CPTTG
(2) Share equity of CPT TPV Optical (Fujian) Co., Ltd. in the amount of USD 1.125 million
(3) Share equity of CPT TPV Optical (Shenzhen) Co., Ltd. in the amount of RMB 2 million

CPTTG accrued loss allowance of the receivables from CPT, as well as the assets impairment, resulting in net loss, and further filed the lawsuit and claimed for damages by alleging that CPTB breached the above “Commitment to proportion of related party transactions of the listed company after completion of acquisition and future business performance of the listed company.”

According to the commitments listed as below, relating to whether or not the Company shall bear the joint and several liability for the above claim amount, the Company thinks that: the above 2014 business performance commitment was given by CPTB and CPTTG(L), the 2014 business performance commitment expressively states that the original commitment shall expire on the date when the shareholders meeting resolves and approves the proposal of revision to the controlling shareholders’ commitment【Note: the original commitment refers to the “commitment to proportion of related party transactions of the listed company after the acquisition,” the “supplementary commitment to proportion of related party transactions of the listed company,” and the “commitment to business performance of the listed company” issued by CPTB and CPTTG(L) in 2009, i.e., the following commitment (1) E, F and C】, and the Company only signed and gave commitment in 2009【The content of commitment is what CPTB and CPTTG(L) submitted to China Securities Regulatory Commission or. Contracting parties were CPT and the Company.】, but did not give any guarantee or commitment for the above 2014 business performance commitment, and thus, the joint and several liability of the Company is uncertain in factual and legal aspects. In addition, CPTB lost control of CPTTG so the commitments expired according to the 2014 business performance commitment. CPTTG’s legal basis for the claim is its recognition of the loss allowance. The timing of the recognition was after CPT lost control when the commitment already expired. There is uncertainty about the claim against CPTB. As a result, according to IAS 37, it is not sufficient for the Company to evaluate whether there is any obligation that will lead to economic benefit outflow, and thus the Company doesn’t recognize provisions for contingent liabilities.

The commitments are listed as below:

(1) Commitment of restructuring Mindong Electric (Group) Co., Ltd. (i.e., current CPTTG) in 2009.

A. Commitment about not reducing shareholding interest in the listed company.

Contents: CPTB made a commitment that from completing the acquisition to production of new next-generation LCD panel, CPTB and CPTTG(L) will not reduce their shareholding interests in Mindong Electric (Group) Co., Ltd.

Expiration and execution: Expired on September 11, 2014, since the special shareholders meeting approved by majority votes the revision to the commitment.
The commitments was not breached.

B. Commitment of not transferring shares of Mindong Electric (Group) Co., Ltd. in 3 years

Contents: CPTB and CPTTG(L) committed that they will not transfer shares of Mindong Electric (Group) Co., Ltd. in the 3 years following Mindong Electric (Group) Co., Ltd.'s end of private issue.

Expiration and execution: Expired upon 3 years following CPTTG's public offering.
No commitment was breached.

C. Commitment of the performance after public issues

Contents: CPTB and CPTTG (L) committed that as long as the legal and policy factors around the operating environment of the 4 LCM Companies remain unchanged, the ROE of Mindong Electric (Group) Co., Ltd. will not be less than 10% when the proportion of related party transactions of Mindong Electric (Group) Co., Ltd. had not been reduced to below (and not including) 30% after the acquisition within one accounting year. CPTB will make up the difference by cash if the ROE is less than 10%.

If the proportion of related party transactions of Mindong Electric (Group) Co., Ltd. recovered to more than 30% (including 30%) of all transactions in the subsequent accounting year, CPTB and CPTTG (L) commit that the ROE will not be less than 10%. CPTB will also make up the difference by cash if the ROE is less than 10%.

Expiration and execution: Expired on September 11, 2014, since the special shareholders meeting approved by majority votes the revision to the commitment.
No commitment was breached.

D. Commitment about the profitability of Mindong Electric (Group) Co., Ltd. in the next 3 years

Contents: CPTB and CPTTG (L) committed that after the asset settlement date of Mindong Electric (Group) Co., Ltd. in 2009, the consolidated net income attributable to owners of parent will not be less than the amount calculated below:
RMB0.295 billion/ 12 * M (M: the numbers of months that the assets were acquired by the listed company.)
In 2010, the consolidated net income attributable to owners of parent was not less than RMB0.346 billion; In 2011, the consolidated net income attributable to owners of parent was not less than RMB0.346 billion. If Mindong Electric (Group) Co., Ltd. could not meet the performance goal, CPTB will make up the shortfall by cash.

Expiration and execution: Expired on December 31, 2011. No commitment was breached.

E. Commitment of the proportion of related party transactions of listed companies after the acquisition

Contents: CPTB and CPTTG (L) committed that from the day the acquisition was completed until December 31, 2010, the proportion of related party transactions of Mindong Electric (Group) Co., Ltd. would be reduced to below 30% (not including 30%) and would maintain the same level in the subsequent years. If the proportion of related party transactions is not reduced to lower than 30% (not including 30%) by December 31, 2010, CPTB will give 4,546,719 shares to all shareholders (except for CPTB and CPTTG(L)) of Mindong Electric (Group) Co., Ltd.

Expiration and execution: Expired on December 31, 2010.
No commitment was breached.

F. Supplementary commitment of the proportion of related party transactions after listed

Contents: CPTB and CPTTG(L) committed that after the material asset restructuring, the proportion of related party transactions will be lower than 60% in December 2009; the proportion of related party transactions will be lower than 30% (not including 30%) in December 2010; the proportion of related party transactions will continue to be lower than 30% (not including 30%) from 2011.

Expiration and execution: Expired on September 11, 2014, since the special shareholders meeting approved by majority votes the revision to the commitments. No commitment was breached.

G. Commitment letter regarding restriction and reduction of related party transactions

Contents: CPTB, CPTTG (L), CPT and the Company committed that:

(1) The Company, CPT, CPTB, CPTTG (L) and their subsidiaries should strictly follow the fair and reasonable standard and guarantee that they do not harm the shareholders' interest when making transactions with Mindong Electric (Group) Co., Ltd.

(2) The Company, CPT, CPTB, CPTTG(L) and their subsidiaries should strictly follow the "Stock Listing Rules of the Shenzhen Stock Exchange", "Articles of Association of Mindong Electric (Group) Co., Ltd.", and "Decision system of related party transactions" when making transactions with Mindong Electric (Group) Co., Ltd.

(3) As the business integration of Mindong Electric (Group) Co., Ltd. continues, the Company, CPT, CPTB, CPTTG (L) and their subsidiaries should reduce the related party transactions with Mindong Electric (Group) Co., Ltd.

(4) After the restructure, Mindong Electric (Group) Co., Ltd. started to manufacture LCD panel for CPT and its subsidiaries, as a result, there were more related party transactions between Mindong Electric (Group) Co., Ltd. and CPT Group. The Company, CPT, CPTB and CPTTG(L) committed that the intercompany OEM price should refer to market price if the OEM rate is available, or the price Mindong Electric (Group) Co., Ltd. manufactures for other third parties or cost mark-up if the OEM rate is not available to make sure the OEM profit is generated reasonably.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitments shall expire.
No commitment was breached.

H. Commitment of non-competition with listed companies in the industry

Contents: CPTB, CPTTG (L), CPT and the Company confirmed that CPTF Optronics Co., Ltd. produced small and medium size LCD module. The small and medium size LCD module produced by CPTF Optronics Co., Ltd. and the large size LCD modules produced by the 4 LCM Companies do not compete. Additionally, from then on, the Company, CPT, CPTB, CPTTG (L) and their subsidiaries cannot engage in similar business as Mindong Electric (Group) Co., Ltd. and its subsidiaries within and outside China, including investment with de facto control, acquisition and combination with other entities that engage in similar business as Mindong Electric (Group) Co., Ltd. The Company, CPT, CPTB, CPTTG (L) and their subsidiaries cannot engage in similar business that Mindong Electric (Group) Co., Ltd. and its subsidiaries newly invested in, including investment with de facto cotrol, acquisition and combination with other entities, within China.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitments shall expire.
No commitment was breached.

I. Commitment about the operation independence of the listed company

Contents: CPTB, CPTTG(L), CPT and the Company committed to keep Mindong Electric (Group) Co., Ltd.'s assets, employees, finance, organization and business independent. Specifically:

(1) Maintain Mindong Electric (Group) Co., Ltd.'s and its subsidiaries' assets independent and intact:
Mindong Electric (Group) Co., Ltd. and its subsidiaries will have the abilities of production; build operating systems; own property, plant and equipment related to manufacture; have the right to use trademark, patent and knowledge.

(2) Independence of employees:
 - **j** All management, such as general manager, vice president, finance manager and board secretary of Mindong Electric (Group) Co., Ltd. do not serve other positions (except for directors or Supervisor) and receive payroll from other entities held by the undersigned of the commitment.
 - **k** The finance personnel of Mindong Electric (Group) Co., Ltd. do not serve other positions in other entities held by the undersigned of the commitment.

(3) Independence of finance:

j Mindong Electric (Group) Co., Ltd. will establish an independent financial system to make independent financial decisions, have a financial accounting system in place and a financial management system that governs the branches and subsidiaries.

k Mindong Electric (Group) Co., Ltd. does not share bank accounts with the undersigned of the commitment and its subsidiaries.

(4) Independence of organization:

Mindong Electric (Group) Co., Ltd. will establish a well defined and structured internal operating division to exercise independently the managing capacity, which will not involve any division controlled by Mindong Electric (Group) Co., Ltd. and its subsidiaries.

(5) Independence of business:

The undersigned of the commitment will strictly follow the “Commitment of non- competition in the industry” to keep the operation independent of Mindong Electric (Group) Co., Ltd. by avoiding the unfair related party transactions with the undersigned of the commitment.

Expiration and execution: No commitment was breached.

J. Commitment about the information disclosure

Contents: CPTB, CPTTG (L), CPT and the Company committed that after Mindong Electric (Group) Co., Ltd. was approved of private issuance of shares, if the Company, CPT, CPTB and CPTTG(L) make any decisions related to business or any controls over Mindong Electric (Group) Co., Ltd., according to the responsibility of information disclosure under China regulations, they shall inform Mindong Electric (Group) Co., Ltd. and disclose the same content in R.O.C. Also, CPTB, CPTTG(L), CPT and the Company committed that the information disclosure will proceed simultaneously in China and R.O.C.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitments shall expire.
No commitment was breached.

K. Supplementary commitment of changes in business model of Shenzhen Huaxianjing Technology Co., Ltd.

Contents: CPTB, CPTTG(L), CPT and the Company committed that, to comply with the "Commitment of non-competition in the industry", the changes in business model of Shenzhen Huaxianjing Technology Co., Ltd. would not cause competition. In addition, the "Commitment about the profitability of Mindong Electric (Group) Co., Ltd. in the next 3 years" and the "Commitment of the company's performance after it is listed" state that the net income of Mindong Electric (Group) Co., Ltd. will not be affected by the changes in business model of Shenzhen Huaxianjing Technology Co., Ltd. The related party transactions of Shenzhen Huaxianjing Technology Co., Ltd. under the new business model also follow "Commitment letter for the regulation and reduce of related party transactions" and "Supplementary commitment of the proportion of related party transactions after listed". CPT still grants patents based on "Commitment about the use of patent" after the changes in business model of Shenzhen Huaxianjing Technology Co., Ltd.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitment shall expire. As confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that CPTB lost control of Mindong Electric (Group) Co., Ltd., the above commitment expired. In addition, on April 9, 2013, the CPTTG 2012 Annual Shareholder Meeting passed the resolution "Regarding the sale of shareholding in the subsidiary," by which it sold its 75% shareholding in Shenzhen Huaxianjing Technology Co., Ltd. to China Star Optoelectronics International (HK) Limited. As such, this commitment was no longer valid.
No commitment was breached..

L. Commitment and supplementary commitment about CPTF Visual Display (Fuzhou) Ltd. ("FVD") and Fujian Huaxianjing Technology Co., Ltd. providing entrusted loans and guarantee for Xiamen Overseas Chinese Electronic Co., Ltd.

Contents: CPTB, CPTTG (L), CPT and the Company committed that the entrusted loans and guarantee FVD and Fujian Huaxianjing Technology Co., Ltd. provided for Xiamen Overseas Chinese Electronic Co., Ltd. before the restructure of Mindong Electric (Group) Co., Ltd. would not cause damage to FVD's and Fujian Huaxianjing Technology Co., Ltd.'s interests or affect Mindong Electric (Group) Co., Ltd shareholders' interests. If any loss incurs, CPTB will make up for the loss by cash.

Expiration and execution: No commitment was breached.

M. Commitment about composition of board of directors of listed companies.

Contents: CPTB made a commitment that after the restructuring, Mindong Electric (Group) Co., Ltd. would modify its articles of incorporation. The board of directors would be composed of 9 directors, including 5 independent directors who are based in China. During the period serving as the controlling shareholders of Mindong Electric (Group) Co., Ltd., half of the directors of the board are independent and are based in China and the directors will not make any modification to the listed companies' articles of incorporation that contradicts with the above commitment.

Expiration and execution: No commitment was breached.

N. Commitment about share repurchase

Contents: CPTB made a commitment that if it fails to fulfill the obligation of sales reimbursement according to "Commitment about profitability of Mindong Electric (Group) Co., Ltd in the future 3 years.", the board of directors of Mindong Electric (Group) Co., Ltd. are entitled to repurchase shares of CPTB to the extent permitted by applicable law to compensate the minority shareholders of Mindong Electric (Group) Co., Ltd. CPTB will recuse itself when discussing the share repurchase case during the board meeting of Mindong Electric (Group) Co., Ltd. to the extent permitted by applicable law and pursuant to the Articles of Incorporation of Mindong Electric (Group) Co., Ltd.

Expiration and execution: Expired as of December 31, 2011. No commitment was breached.

O. Commitment about patents licensing

Contents: CPT made a commitment that:

j It has already acquired the technology and patents required for manufacturing LCD module and has obtained necessary licensing.

k After restructuring of Mindong Electric (Group) Co., Ltd., CPT agreed to grant Mindong its patents related to the manufacturing of LCD module that it previously applied, gained approval or made public. Other related patents acquired later by CPT will also be granted to Mindong Electric (Group) Co., Ltd. The licensing is irrevocable and the effective period of the license is the effective period of the patent.

If Mindong Electric (Group) Co., Ltd. utilized the patents mentioned above because of orders to manufacture LCD module from CPT or other entities controlled by CPT, CPT agreed to waive the patent fee. However, if the orders are from third parties, CPT would charge patent fee and the amount would be assessed by third party professional institution. Also, the amount would be approved by the board of directors of listed companies in China or shareholders meeting according to applicable law and the "Related transaction decision procedures" established by listed companies in China.

l After restructuring Mindong Electric (Group) Co., Ltd., with respect to orders to manufacture LCD module from CPT or other entities controlled by CPT, CPT represented that Mindong Electric (Group) Co., Ltd. will not infringe the patents CPT owned and acquired from third parties by performing the contracts. If Mindong Electric (Group) Co., Ltd. is accused of infringing the abovementioned patents by third parties because of performing the contract, CPT would be held jointly liable for the related legal responsibilities. Also, the damage caused by Mindong Electric (Group) Co., Ltd. would be indemnified by CPT.

Expiration and execution: No commitment was breached.

P. Supplementary commitment about the patent licensing

Contents: CPT committed that for utilization of the applied, approved or public patents when Mindong Electric (Group) Co., Ltd. and its subsidiaries manufacture LCD module, CPT agreed to waive the patent fee. The supplementary commitment is effective from the day the restructuring of Mindong Electric (Group) Co., Ltd. took effect and will remain effective as long as CPT is the substantial controller of Mindong Electric (Group) Co., Ltd. However, if CPT is deemed to have lost control of Mindong Electric (Group) Co., Ltd. by the China Securities Regulatory Commission or Shenzhen Stock Exchange, the supplementary commitment will expire immediately.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitment shall expire.
No commitment was breached.

Q. Supplementary commitment about utilization of goodwill and patent licensing

Contents: CPT committed that:

j After the restructuring of material assets of Mindong Electric (Group) Co., Ltd., the company and its subsidiaries do not have to pay any charges from the impact of CPT's goodwill. Mindong Electric (Group) Co., Ltd. and its subsidiaries will establish their own goodwill and gradually lessen the impact of CPT's goodwill on Mindong Electric (Group) Co., Ltd. and its subsidiaries.

k If CPT transfers its own patent registered in China, Mindong Electric (Group) Co., Ltd. will have the priority to buy it under the same terms. If such patent is transferred to any third party, CPT will assure Mindong Electric (Group) Co., Ltd. and its subsidiaries the effectiveness of the patent licensing. Also, per the transfer contracts, the transferee shall not interfere with the licensing of patents to Mindong Electric (Group) Co., Ltd. and its subsidiaries.

l If CPT loses its patent and hence causes damage to Mindong Electric (Group) Co., Ltd. and its subsidiaries, CPT will be held accountable for the total cost for them to obtain legal right of use of such patent or alternative technology.

m If Mindong Electric (Group) Co., Ltd. and its subsidiaries require patent licensing from third parties because of manufacturing needs in the future, CPT will help them obtain related patent licensing using its industry status and experience.

n The supplementary commitment is effective from the day the restructuring of Mindong Electric (Group) Co., Ltd. takes effect and will remain effective as long as CPT is the substantial controller of Mindong Electric (Group) Co., Ltd. However, if CPT is deemed to have lost control of Mindong Electric (Group) Co., Ltd. by the China Securities Regulatory Commission or Shenzhen Stock Exchange, the supplementary commitment will expire immediately.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitment shall expire.
No commitment was breached.

R. Commitment about CPT’s joint liability

Contents: CPT committed that it assumes joint and several liability with respect to the commitment made by CPTB and CPTTG(L) about the shareholding interest of Mindong Electric (Group) Co., Ltd., sales performance and related party transactions. If CPTB and CPTTG(L) fail to adhere to the above commitment and need to make compensation, CPT would assume joint and several liability for such compensation.

Expiration and execution: No commitment was breached.

S. ”Commitment letter” about assuming joint and several liability

Contents: Tatung Co., Ltd and CPT committed that with respect to the written commitment submitted by CPTB and CPTTG(L) to the China Securities Regulatory Commission for the private issue of Mindong Electric (Group) Co., Ltd., Tatung Co., Ltd and CPT will assume joint and several liability.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, the above commitment shall expire.
Part of the commitment has been expired and replaced by new commitment approved in CTPTG's shareholders' meeting on September 11, 2014 (see below #(2) Revision of commitment of Mindong Electric (Group) Co., Ltd. following restructuring in 2014). The Company did not issue new commitment or undertaking to bear the joint and several liability for the new commitment. No commitment was breached.

(2) Revision of commitment of Mindong Electric (Group) Co., Ltd. following restructuring in 2014

A. Commitment about the restructuring party not reducing the shareholding interest of listed companies.

Contents: Revision of commitment of CPTB and CPTTG(L): CPTB and CPTTG(L) withdrew the commitment that during the period from the completion of acquisition and second generation(above 7G) of large-size LCD panel product lines being injected to Mindong Electric (Group) Co., Ltd., CPTB and CPTTG(L) will not reduce their shareholding percentage of Mindong Electric (Group) Co., Ltd. The supplementary commitment of CPTB and CPTTG(L) was approved by at the shareholders meeting of CPTTG. After the completion of transfer of paid-in capital to share capital, shares of CPTB and CPTTG(L) will be listed and be entitled with the outstanding rights. Also, in the first 18 months after the "Motion of revising commitment of shareholders" is approved at the shareholders meeting of CPTTG, CPTB and CPTTG(L) will not decrease their shareholding of CPTTG.

Expiration and execution: The revision expired on March 11, 2016 and is no longer applicable.
No commitment was breached.

B. Related party transaction percentage of listed companies after the completion of acquisition and the commitment of future sales of listed companies.

Contents: Revision of CPTB and CPTTG(L)'s commitment: Starting from 2014, during any account year, if the amount of related party transactions accounts for more than 30% of the sales during the same period and of the same transaction category (limited to materials purchase, sale of products and rendering of service involved in daily operations), the shareholders will need to assure that simulated consolidated calculation of rate of return of net assets of LCD module companies(please see below for specific scope) owned by CPTTG is not less than 10% (the calculation of rate of return of net assets does not include Kornerstone Materials Technology Co. Ltd., a subsidiary and other companies that are expected to be acquired and merged and invested in the future). Also, CPTB and CPTTG will make up for the insufficient portion by cash. The commitment will expire from the shareholders of CPTB and CPTTG(L) lost control of the company.

The simulated consolidated scope for calculating net assets of LCD module companies' rate of return of net assets is as follows:

j Net assets of CPTF Optronics Co., Ltd. and its subsidiaries
k Net assets of CPTW
l Net assets of FDT
m Net assets of CPT TPV Optical (Fujian) Co., Ltd.
n Net assets of CPTTG(L)
o Net assets of CPTTG less net assets increased from financing after this motion was approved at the shareholders meeting
p When the above LCD module companies are no longer included in the consolidation because of being sold or shareholding percentage decrease, they will not be included in the calculation.

The simulated consolidated scope for calculating net income of LCD module companies' rate of return of net assets is as follows:

j Net income of CPTF Optronics Co., Ltd. and its subsidiaries
k Net income of CPTW
l Net income of FDT
m Net income of CPT TPV Optical (Fujian) Co., Ltd.
n Net income of CPTTG(L)
o Net income of CPTTG
p When LCD module companies are no longer included in the consolidation because of being sold or shareholding percentage reduced, they will not be included in the calculation.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of Mindong Electric (Group) Co., Ltd. has been lost, CPTB and CPTTG(L)'s above commitments shall expire.

Because CPT applied for reorganization, CPTTG recognized receivables from CPT as loss allowance and impairment of related assets. Also, CPTTG filed an action against CPTB for compensation.
However, CPT and CPTTG(L) argue that as of December 31, 2018, CPTTG had achieved its sales target. CPTTG's ground for the claim is the recognition of the loss allowance. The timing of the recognition was after CPT lost control when the revised commitment already expired.

CPTB and CPT shall not be liable. The Company is not a signing party to the 2014 revised commitment, and it did not provide another commitment to bear and assume the joint and several liability for the 2014 revised commitment.

(3) Commitment about material asset restructuring of CPTF Optronics Co., Ltd. in 2013

A. Commitment about restriction and reducing related party transactions

Contents: (1) Tatung Co., Ltd., CPT, CPTB and CPTTG(L) committed that if Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled entities make related party transactions with CPTTG, such transactions will be conducted under fair and reasonable principle to assure the rights and interests of CPTTG and other minority shareholders.

(2) If Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled entities make related party transactions with CPTTG, such transactions will be conducted strictly according to Shenzhen Stock Exchange, Shares Listing Rules, the Articles of Incorporation of CPTTG and the Related party transactions decision making policy of CPTTG.

(3) With further integration of CPTTG's business, Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled entities will gradually decrease related party transactions with CPTTG. The commitment is effective when CPTB and CPTTG(L) hold shares of CPTTG. However, if Tatung Co., Ltd., CPT, CPTB and CPTTG(L) are deemed to have lost control of CPTTG by the China Securities Regulatory Commission or Shenzhen Stock Exchange, the abovementioned commitment will expire immediately.

Expiration and execution: No commitment was breached.

B. Commitment of CPTB for labor dispute of CPTF Optronics Co., Ltd.

Contents: The labor dispute of CPTF Optronics Co., Ltd. did not lead to administrative punishment. However, if CPTF Optronics Co., Ltd. is punished because of the abovementioned labor dispute, CPTB will be liable for the loss. The commitment becomes effective when CPTTG's restructuring plan of material assets is approved by related departments.

Expiration and execution: Twenty two labor disputes (including labor arbitration and litigation) of CPTF Optronics Co., Ltd., were closed and the claim amount involved was RMB2,220,494.91.
No commitment was breached.

C. Commitment of CPTB about the lawsuits and arbitration CPTF Optronics Co., Ltd. involved in

Contents: There is a total of 29 labor disputes (including labor arbitration and litigation and the amount involved was RMB3,246,737.49). If CPTTG's restructuring plan of material assets is approved by related departments, the expenses associated with the above 29 labor disputes will be borne by CPTB.

Expiration and execution: The cases the commitment involved with were all closed and the related expenses of CPTF Optronics Co., Ltd. were borne by CPTB.
No commitment was breached.

D. Commitments of Tatung Co., Ltd., CPT, CPTB and CPTTG(L) about maintaining the independence of operations of listed companies

Contents:

(1) Maintain the independence and completeness of assets of CPTTG and its subsidiaries. CPTTG and its subsidiaries will be equipped with operation related production systems, auxiliary production systems and supporting facilities, own operations related lands, property, plant and equipment, trademarks, patents, right of non-patented technology or right of use of non-patented technology.

(2) Maintain the independence of personnel of CPTTG

j CPTTG's senior managerial personnel, such as general manager, vice general manager, financial supervisor and secretary of the board of directors cannot be employed by Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled business under the positions other than directors and supervisors. Also, they will not receive salary from Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled business.

k CPTTG's financial personnel will not be concurrently employed by Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled business.

(3) Maintain financial independence of CPTTG

j CPTTG will own an independent financial system and is able to make financial decisions independently. Also, it will establish financial accounting policies and financial administrative policies to govern its branches and subsidiaries.

k CPTTG will not share bank accounts with Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled business.

(4) Maintain CPTTG's independence of institution

CPTTG will set up a sound internal operating administrative institution that operates independently without being involved with the management of Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled business's institutions.

(5) Maintain independence of CPTTG's operation

Tatung Co., Ltd., CPT, CPTB and CPTTG(L) will strictly follow the "Avoidance of competition commitment letter" so that

CPTTG's operation will be independent from that of Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and there won't be any unfair related party transactions.

Expiration and execution: No commitment was breached.

E. Commitment of Tatung Co., Ltd., CPT, CPTB and CPTTG(L) about non-competition with listed companies

Contents:

(1) Tatung Co., Ltd., CPT, CPTB and CPTTG(L) have confirmed that the main activity of CPTF Visual Display (Fuzhou) Ltd. ("FVD"), a subsidiary of CPTF Optronics Co., Ltd., manufactures backlight modules. The activities of Forward Electronics Co., Ltd. ("FD"), a subsidiary of Tatung Co., Ltd., include manufacturing and sales of backlight modules. FVD is the subsidiary of CPTTG and fabrication plant of backlight modules of CPTF Optronics Co., Ltd. The backlight modules manufactured by FVD would all be sold to subsidiaries of CPTTG and CPTF Optronics Co., Ltd. There won't be sales outside of CPT consolidated entities and CPTF Optronics Co., Ltd. Hence, FVD is essentially an internal product line of CPTTG and CPTF Optronics Co., Ltd., rather than an independent competitor in the market. As an individual seller and manufacturer of backlight modules company, FD has a wide range of customers. Therefore, there is no competition between FVD and FD in substance.

(2) Tatung Co., Ltd., CPT, CPTB and CPTTG(L) committed that except for the abovementioned matters, Tatung Co., Ltd., CPT, CPTB and CPTTG(L) and its controlled entities or other organizations will not take part in any sales, related products sales or any operating activities similar to those of CPTTG and its controlled entities in any manner. The sales activities include investment, acquisition and merger of entities or other organizations whose business and products are similar to those of CPTTG and its controlled entities.

(3) The above commitment remains effective when CPTB and CPTTG(L) hold shares of CPTTG. However, if Tatung Co., Ltd., CPT, CPTB and CPTTG(L) are deemed to have lost control of CPTTG by the China Securities Regulatory Commission or Shenzhen Stock Exchange, the abovementioned commitment will expire immediately.

(4) Tatung Co., Ltd., CPT, CPTB and CPTTG(L) committed that if Tatung Co., Ltd., CPT, CPTB, CPTTG(L) and its controlled entities or other organizations cause damage to CPTTG because the abovementioned commitment is breached, Tatung Co., Ltd., CPT, CPTB and CPTTG(L) will be liable for the related damage.

Expiration and execution: If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that the control of CPTTG has been lost, the above commitments shall expire.
No commitment was breached.

(4) Commitment about non-public issues of CPTTG in 2016

Commitment letter about non-public issues of CPTTG

Contents: (A) CPT, entities directly or indirectly controlled by CPT and related parties of CPT will not violate Article 17 of Measures for the Administration of Securities Issuance and Underwriting and related regulations. Also, they will not and have never directly or indirectly provide financial support or compensation to subscribers, subscribing partnership business and subscribing partners of the non-public issue of CPTTG's shares.

(B) Tatung Co., Ltd and CPT will strictly follow announcement of the China Securities Regulatory Commission—Guiding Opinions on Matters concerning the Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring and committed that it will not intervene in the operations and harm the interest and benefits of CPTTG.

Expiration and execution: The issue of non-public shares were completed. The shares are listed on the Shenzhen Stock Exchange. No commitment was breached.

I. The direct and indirect comprehensive shareholding percentage of Green Energy Technology Inc. ("GET") and Tatung Co. of America Inc., investments subsidiaries under equity method, are 28.71% and 50%. As a result, the future changes of significant contingent liabilities would significantly affect the Company. The significant contingent liabilities as at December 31, 2018 are listed below.

<u>Green Energy Technology Inc. and Tatung Co. of America Inc.,</u>

GET and TUS entered into a long-term purchase contract for materials with supplier C in September 2018. Both parties agreed the minimum amount and purchase price from 2019 to 2029. The amount in 2019 was 5,000 tons. According to the contract, there is a non-cancellable prepayment in the amount of USD35,000 thousand in 10 years. The first payment of USD 5,000 thousand was due on January 31, 2019 and GET did not make the payment on time. As of December 31, 2018, GET has not received a default notice from supplier C. If GET fails to make the prepayments according to the contract within 7 days after receiving the default notice from supplier C, it could possibly face a claim as much as USD498,402 thousand (NTD 15,026,820 thousand). GET will continue to negotiate with supplier C. GET has recognized provision loss in the amount of USD35,000 thousand (NTD1,075,025 thousand) under provision-noncurrent.

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

10. Significant disaster loss

None.

11. Significant subsequent events

(1) According to the resolutions of the board of directors on February 25, 2019, Shan-Chih Asset Development Co. would provide NTD2.2 billion to the Company through financing to enrich the working capital of the Company.

(2) According to the resolutions of the board of directors on March 27, 2019, the Company held a capital injection by cash for Tatung Co. of Japan, Inc, a 100% owned subsidiary. The upper limit of the capital injection is expected to be 1,800 thousand shares, and 900 thousand shares would be first issued at par value of JPY1,000 for each share.

(3) According to the resolutions of the board of directors on March 27, 2019, the Company held a capital injection by cash for Chunghwa Electronics Development Co., Ltd., a subsidiary of the Company. The upper limit of the capital injection is expected to be 17,000 thousand shares, at par value of NTD10 for each share.

12. Others

(1) Categories of financial instruments

Financial assets

	As of December 31, 2018	As of December 31, 2017
Financial assets at fair value through profit or loss:		
Held for trading	(Note 1)	$2,994
Mandatorily measured at Fair value through profit or loss	2,023	(Note 1)
Financial assets at fair value through other comprehensive income (including non-current)	416,741	(Note 1)
Financial assets held for sale (including non-current)(Note 2)	(Note 1)	432,501
Financial asset amortized at cost :		(Note 1)
Cash and cash equivalents (excluding cash on hand and petty cash)	2,035,583	
Financial asset amortized at cost (including non-current)	1,187,189	
Contract asset	207,800	
Notes receivable(including related parties)	203,934	
Accounts receivable(including related parties)	4,164,973	
Other receivables(Including related parties)(Including non-current)	5,006,218	
Deposits out	521,616	
Subtotal	13,327,313	

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

	As of December 31,	
	2018	2017
Held-to-maturity financial assets		
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand)		1,744,278
Debt instrument investments with no active market exists (including non-current)		4,061,106
Notes receivable (including related parties)		262,273
Accounts receivable (including related parties) (including related parties and the construction receivable)		4,707,447
Other receivables (including related parties and non-current)		2,388,106
Deposits-out		287,757
Subtotal		13,450,967
Total	$13,746,077	$13,886,462

Financial liabilities

	As of December 31,	
	2018	2017
Financial liabilities at amortized cost:		
Short-term loan	$4,601,696	$4,875,438
Short-term notes and bills payable	251,911	301,848
Payables (including related parties) (including non-current)	4,394,651	4,283,164
Loans (including the current portion)	28,555,648	28,238,370
Deposits in	1,050	1,755
Subtotal	37,804,956	37,700,575
Financial liabilities at fair value through profit or loss:		
Held-for-trading	-	627
Total	$37,804,956	$37,701,202

Note:
1. The Company has adopted IFRS 9 from January 1, 2018. The Company elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (January 1, 2018).
2. Financial assets meausred at cost is included in December 31 2017.

(2) Financial risk management objectives and policies

The Company’s risk management objectives are to manage market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk preference.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

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

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

Foreign currency risk

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

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and JPY.

The information of the sensitivity analysis is as follows:

A. When NTD appreciates or depreciates against USD by 1%, the profit for the years ended December 31, 2018 and 2017 will increase (decrease) by NTD9,629 thousand and NTD3,104 thousand respectively.

B. When NTD appreciates or depreciates against JPY by 1%, the profit for the years ended December 31, 2018 and 2017 would will increase (decrease) by NTD710 thousand and NTD685 thousand respectively.

Interest rate risk

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

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the balance sheet date, a change of 10 basis points of interest rate could cause the profit for the years ended December 31, 2018 and 2017 to increase (decrease) by NTD32,654 thousand and NTD31,091 thousand, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

For 2017, a decrease of 1% in the price of the listed equity securities classified as available-for-sale could have an impact of NTD2,487 thousand on the equity attributable to the Company. An increase of 1% in the value of the listed securities would only impact equity but would not have an effect on profit or loss.

For 2018, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NTD2,143 thousand on the equity attributable to the Company.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

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

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

As of December 31, 2018 and 2017, top ten customers' receivables represented 81.23% and 65.94% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

The Company adopted IFRS 9 to assess the expected credit losses since January 1, 2018. Except for the loss allowance of accounts receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

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

(5) Liquidity risk management

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Non-derivative financial liabilities

	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
December 31, 2018					
Loans (including contracted interests)	$8,638,339	$25,838,654	$48,975	$121,553	$34,647,521
Short-term notes and bills payable	252,000	-	-	-	252,000
Payables (including related parties) (including non-current portion)	4,381,207	13,444	-	-	4,394,651
Deposit-in	1,050	-	-	-	1,050
December 31, 2017					
Loans (including contracted interests)	$6,055,052	$5,116,838	$2,226,039	$22,386,919	$35,784,848
Short-term notes and bills payable	302,000	-	-	-	302,000
Payables (including related parties) (including non-current portion)	4,249,800	28,598	4,766	-	4,283,164
Deposit-in	1,755	-	-	-	1,755

Derivative financial liabilities

	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
December 31, 2018					
Flow-in	$2,023	$-	$-	$-	$2,023
Flow-out	-	-	-	-	-
Net	$2,023	$-	$-	$-	$2,023
December 31, 2017					
Flow-in	$-	$-	$-	$-	$-
Flow-out	(627)	-	-	-	(627)
Net	$(627)	$-	$-	$-	$(627)

The above tables about the disclosures of derivative financial instruments used the undiscounted net cash flow.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for 2018

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

	Short-term notes and bills payable	Short-term borrowings	Long-term borrowings (including current portion)	Total liabilities from financing activities
107.1.1	$301,848	$4,875,438	$28,238,370	$33,415,656
Cash flows	(50,096)	(284,670)	317,278	(17,488)
Other (Note)	159	10,928	-	11,087
107.12.31	$251,911	$4,601,696	$28,555,648	$33,409,255

(Note: Others are from the changes of the exchange rates and changes from non-cash)

Reconciliation of liabilities of 2017:

Not applicable.

(7) Fair value of financial instruments

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

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

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

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

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

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

B. The carrying amount of the Company's financial instruments measured at amortized cost such as cash and cash equivalents, receivables, held-to-maturity financial assets, debt instrument investments with no active market exists, payables, long-term and short-term loans, short-term notes and bills payable approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

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

(8) Derivative financial instruments

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

Forward exchange contracts

Forward foreign exchange contracts to manage exposure part partial transactions, but not designated as hedging instruments:

December 31, 2018

	Currency	Period	Amount (thousands)
Buying currency exchange forward	Buy USD Sell NTD	2018.07~2019.06	USD26,950
	Buy USD Sell NTD	2018.17~2019.05	USD 8,000

December 31, 2017

	Currency	Period	Amount (thousands)
Buying currency exchange forward	Buy USD Sell NTD	2017.09~2018.03	USD2,600
	Buy RMB Sell USD	2017.12~2018.01	RMB6,621
	Buy JPY Sell USD	2017.11~2018.02	JPY167,430

Exchange options

December 31, 2018

There was no unsettled exchange option in 2018, and the settled amount were USD100,100 thousand and EUR3,500 thousand.

December 31, 2017

The following table refers to the related conditions with regard to the Company's unsettled exchange options on December 31, 2017.

Counterparty bank	Foreign exchange rate	Foreign exchange rate on the date of settlement FX	Term of settlement (USD in thousands)
A	USD/CNH	FX > 6.68	Executing price at 6.68 to sell USD 1,000
B	USD/JPY	FX < 110.60	Executing price at 110.60 to buy USD 1,000

As of December 31, 2017, foreign exchange options contracts that had settled amounted to USD77,200 thousand, EUR3,000 thousand, and the remaining unsettled contracts amounted to USD2,000 thousand, with a fair value of NTD(36) thousand (including royalties amounted to NTD175 thousand and unrealized gain amounted to NTD139 thousand), recognized as financial liabilities carried at fair value through profit or loss - current.

The counterparties of the aforementioned derivative transactions are reputable financial institutions with good credit ratings, the credit risk is fairly low.

The forward foreign exchange contracts aim at hedging the exchange rate risk of net assets or net liabilities with cash inflows or outflows upon maturity. The Company also has sufficient working capital so there's no significant cash flow risk.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

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

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

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
Forward exchange contract	$-	$2,023	$-	$2,023
Fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	214,266	-	202,475	416,741

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
Open-end funds	$-	$2,994	$-	$2,994
Available-for-sale financial assets:				
Stocks	248,688	-	152,275	400,963
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Foreign currency option	-	36	-	36
Forward exchange contracts	-	591	-	591

Transfers between Level 1 and Level 2 during the period

There were no transfers between Level 1 and 2 for the years ended December 31, 2018 and 2017.

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

	Asset
	At fair value through other comprehensive income
	Share
January 1, 2018	$190,613
During 2018	
Amount recognized in OCI:	
(presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	11,862
Acquisition/issuance, 2018	-
Disposal/liquidation, 2018	-
Exchange differences	-
December 31, 2018	$202,475

	Asset
	Available-for-sale
	Share
January 1, 2017	$135,208
Total income (loss) recognized, 2017:	
Recognized in other comprehensive income, 2017 (presented in "Unrealized gains (losses) from available-for-sale financial assets)	17,067
Acquisition/issuance, 2017	-
Disposal/liquidation, 2017	-
Impact from the changes of exchange rate	-
December 31, 2017	$152,275

Information on significant unobservable inputs to valuation in Level 3

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

As at December 31, 2018:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive gains and losses					
Stocks	Market approach	discount for lack of marketability	25%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NTD2,001 thousand

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

As at December 31, 2017:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Available-for-sale					
Stocks	Market approach	discount for lack of marketability	25%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NTD1,523 thousand

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

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

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

As at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Investments accounted for using the equity method (please refer to Note 6 (13))	$2,607,329	$-	$-	$2,607,329

As at December 31, 2017:

	Level 1	Level 2	Level 3	Total
Investments accounted for using the equity method (please refer to Note 6 (13))	$3,026,637	$-	$-	$3,026,637

(9) Significant assets and liabilities denominated in foreign currencies

The exchange rates used to translate assets and liabilities denominated in foreign currencies are disclosed as follows:

(Expressed in Thousands of New Taiwan Dollars unless otherwise Specified)

Foreign currency-dollar, NTD-thousands

		As of December 31, 2018		
		Foreign currency	Exchange rate	NTD
Financial Assets - Monetary items				
	USD	$43,160,604	30.1750	$1,325,678
	JPY	282,723,818	0.27820	78,654
	EUR	501,529	35.2000	17,654
	RMB	1,596,628	4.47532	7,145
Non-Monetary items				
	USD	9,377,204	30.1750	288,021
	RMB	203,865,367	4.47532	912,362
	THB	540,880,985	0.95320	515,568
	JPY	2,363,052,019	0.27820	657,401
	SGD	3,697,742	22.4800	83,125
	MXN	98,457,011	1.55934	153,528
	VND	(194,240,223,527)	0.00132	(257,048)
Financial Liabilities - Monetary items				
	USD	74,508,870	30.1750	2,288,540
	THB	10,437,198	0.95320	9,949
	JPY	27,336,462	0.27820	7,605
	EUR	174,353	35.2000	6,137
	RMB	1,452,028	4.47532	6,498

		As of December 31, 2017		
		Foreign currency	Exchange rate	NTD
Financial Assets - Monetary items				
	USD	$52,228,171	29.7600	$1,554,310
	JPY	660,376,800	0.26420	174,472
	EUR	878,275	35.5700	31,240
	RMB	539,664	4.55450	2,458
Non-Monetary items				
	USD	9,835,510	29.7600	292,705
	RMB	165,718,414	4.55450	754,764
	THB	492,517,515	0.91760	451,934
	JPY	2,421,667,298	0.26420	639,805
	SGD	4,304,247	22.2600	95,813
	MXN	101,031,135	1.51062	152,619
	VND	(171,574,641,667)	0.00131	(224,847)
Financial Liabilities - Monetary items				
	USD	62,659,872	29.7600	1,864,758
	JPY	919,773,126	0.26420	243,004
	EUR	1,455,924	35.5700	51,787
	RMB	2,476,238	4.55450	11,278

The Company has various kinds of foreign currency transactions, and hence it's impractical to disclose the foreign exchange information of monetary financial assets and liabilities by each significant foreign currencies. For the years ended 2018 and 2017, the foreign currency exchange losses were NTD32,558 thousand and NTD200,715 thousand, respectively.

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

(10) Capital management

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

(11) On December 7, 2015, the Supreme Court of the ROC revoked the judgment made by the Taiwan High Court on the Nature Worldwide Technology Co., case and remanded the case to the Taiwan High Court. On August 23, 2017, former Chairman Lin was sentenced to fixed-term imprisonment and penalties by Taiwan High Court. Former Chairman Lin appealed to the Supreme Court of the ROC and the Taiwan High Court of the ROC confirmed that all documents were successfully transferred.

The Securities and Futures Investors Protection Center filed a legal action in connection with damages against former Chairman Lin to the Taiwan High Court. According to the syllabus of the Taiwan High Court's judgment, former Chairman Lin shall pay the Company NTD1,900,000 thousand and related interests. The judgement was incorrect in both fact determination and legal citation. Former Chairman Lin had appointed an attorney to appeal to the Supreme Court of the ROC. The Supreme Court of the ROC revoked the judgment on December 11, 2017, and remanded the case to the Taiwan High Court. It is currently pending in the Taiwan High Court.

The Securities and Futures Investors Protection Center filed a chairman dismissal legal action against former Chairman Lin. The District Court and High Court have ruled that the basis of the legal action was invalid, and hence ruled in favor of the Company. However, the Supreme Court of the ROC revoked the judgment on July 10, 2017 and remanded the case to the Taiwan High Court. The Securities and Futures Investors Protection Center had withdrawn the civil action from the Taiwan High Court on February 21, 2018.

The Company's operations, finance and business were not affected by the above personal cases and will continue as usual.

(12) Liquidity risk of investments accounted for using the equity method

Certain investments accounted for using the equity method were exposed to liquidity risk that the current liabilities were more than the current assets. The liquidity risk was mainly due to the consolidated financial conditions of the CPT group and GET group. The details are as follows:

A. As of December 31, 2018, the accumulated loss attributed to CPT's equity was NTD77,293,519 thousand, which was more than 50% of its paid-in capital. Also, the consolidated current liabilities was NTD31,777,151 thousand more than its consolidated current assets. CPT could not pay its debts on time and was facing a financial difficulty. It was materially doubtful whether the entity could continue as a going concern. However, CPT's consolidated financial statements in 2018 were prepared on a going concern basis. To maintain normal operations and to protect employees and shareholders, according to resolutions of the board meeting held on December 13, 2018, CPT applied for financial restructuring to the Taoyuan District Court. The filing for an urgent disposal to the court was revoked on December 27, 2018. CPT filed an interlocutory appeal on January 2, 2019 and was approved by the Taoyuan District Court on January 31, 2019. On the other hand, the application of financial restructuring was revoked by the Taoyuan District Court on January 31, 2019. CPT filed an interlocutory appeal on February 21, 2019. However, the appeal was still pending as of the reporting date of the consolidated financial statements. To pay back the liabilities and increase the working capital to strengthen the financial structure and maintain the operation, the following solutions were adopted in the financial restructuring plan. However, the financial restructuring plan has not been approved by the Court.

1. Operation:

(1) Short-term: Resumption of work

A. Negotiate with customer to adopt non-cancel PO and payment in advance transactions and prepare funds to purchase material.
B. Establish good relationship with customers by resuming the supplies.
C. Create cash flow and dispose of securities of subsidiaries to support the personnel, factories and administration functions of the continuing operations.

(2) Mid-term and long-term: Operation restructuring

A. Streamline the production line of G4.5 and keep the competitive production line of G6.
B. Specialize in the medium and small sizes.
C. Centralize orders to manufacture production line of G6.
D. Module shipment has been changed to semi-finished goods of cell pallet shipment.

E. Focus on high margin items such as electronic paper, vehicle-mounted and industrial controlled products to maintain higher selling price.
F. Optimize the cost structure, enhance yield rate, improve quality, streamline the organization and reduce expense.

2. Finance:

(1) Lower the financial leverage, reduce financial risks and interest expense.

A. Dispose of the production line of G4.5（L1 plant in Long Tan and Y1 plant in Yang Mei）and the proceeds would be used to repay the secured loans.
B. Dispose of shares of CPTTG.

(2) Activate assets

A. Dispose of idle assets or share investments that could be sold to repay the debt or to be used as capital necessary for the improvement of operations.
B. Lease back the equipment after being sold to raise operating funds.

(3) Capital injection by cash

A. Expect to inject capital and strengthen financial structures to cope with future capital expenditures, operating funds and budget debts.
B. Potential parties for fund-raising include major shareholders of CPT, foreign listed companies and panel manufacturers in the same industry in China.

(4) Strengthen the financial supervision

CPT will be managed and supervised by the restructuring group to strictly implement the corporate governance.

B. As of December 31, 2018, the accumulated loss attributed to GET’s equity was NTD7,091,469 thousand. The consolidated current liabilities was NTD5,017,355 thousand more than its consolidated current assets and the equity was NTD2,399,421 thousand on debit side. To pay back the liabilities and increase the working capital to strengthen the financial structure, please see the following solutions to improve the operations:

(a) Maintain the scale of revenue: GET continuously receives orders from customers with its advantage of production capacity, and provide additional value from vertically integrated services by integrating the technologies from downstream vendors to steadily and gradually increase market share and maintain its revenue at certain level.

(b) Cost streamlining of the organization: GET has centralized the management of machines and equipment with low production capacity rates and low economic benefit, and laid off employees to reduce fixed costs, lower the break-even point and increase cash flows.

(c) Shorten the cash conversion cycle: GET actively negotiated for favorable payment terms and shortened the cash conversion cycle by decreasing the inventory balance. As for accounts receivable, it negotiated for better collection terms with stable clients to improve the efficiency of utilization of capital.

(d) Loans extension: GET was approved by the banks with two-thirds majority vote in writing on March 5, 2019 to extend the loans. The short-term loans could be extended to December 31, 2019 while mid-term and long-term loans could be extended to December 31, 2019 without repaying the principal. The payment terms and methods will be adjusted and repaid depending on the future operation.

(e) Activate assets: According to the resolutions of the board meeting held on November 15, 2018, GET planned to dispose of the right of use with respect to land in China. The chairman was authorized to handle the case.

Also, according to IAS 1 “Presentation of Financial Statements”, when preparing financial statements, management shall make an assessment of an entity’s ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. Hence, the consolidated financial statements of the Company for the year ended December 31, 2018 weren’t adjusted because of the uncertainty of achieving the aforementioned solutions.

13. Other disclosure

(1) Information at significant transactions:

A. Financing provided to others: refer to Attachment 1.

B. Endorsement/Guarantee provided to others: refer to Attachment 2.

C. Securities held: refer to Attachment 3.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: refer to Attachment 4.

E. Acquisition of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: None.

F. Disposal of real estate up to the amount exceeding the lower of NTD300 million or 20% of capital stock: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 5.

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 6.

I. Engaging in derivative transactions: refer to Note 6 and Note 12 in the parent company only financial statements.

J. Intercompany Relationships and Significant Intercompany Transactions: refer to Attachment 10.

(2) Information on investees:

A. Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: refer to Attachment 8.

B. Of the investee company who directly or indirectly has control, the following information is disclosed:

(a) Financing provided to others: refer to Attachment 1.

(b) Endorsement/Guarantee provided to others: refer to Attachment 2.

(c) Securities held: refer to Attachment 3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: refer to Attachment 4.

(e) Acquisition of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: None.

(f) Disposal of real estate up to the amount exceeding the lower of NTD300 million or 20% of capital stock: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 5.

(h) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 6.

(i) Engaging in derivative transactions: Attachment 7.

C. Information on investments in mainland China:

(a) The investee company name, main business, paid-in capital, investment, capital outflow, ownership, investment gains and losses, ending balance of investment, repatriation of investment income and have to go to the mainland investment limit scenario: refer to Attachment 9.

(b) With the investee companies directly or indirectly through a third country following the occurrence of significant transactions, prices, payment terms and unrealized gains and losses were as follows:

i. Ending balance and percentage, purchase amount and percentage of related payables: refer to Attachment 5.
ii. Sales amount and percentage of the balance and percentage of the related receivables: refer to Attachment 5.
iii. Gains and loss on the transaction amount of property: None.
iv. Endorsement guarantees or collateral ending balance and purpose: refer to Attachment 2.
v. The highest balance of financing, the total ending balance, and interest rate range and current total interest: refer to Attachment 1.
vi. Other transactions that have a significant impact on the profit or loss or financial position of the current period, such as the provision of services or received, etc.: None.

ATTACHMENT 1
Financing provided to others for the year ended December 31, 2018
(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related Party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party (Note 5)	Reason for financing (Note 6)	Loss allowance	Collateral		Limit of financing amount for individual counter-party (Note 7)	Limit of total financing amount (Note 7)	Note
													Item	Value			
0	Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd.	Long-term receivables- related parties	Yes	$1,995,145	$1,995,145	$1,995,145	2.20%	2	$-	Loan repayment	$-	Equipment Shares (Note 10)	$3,086,040	$13,200,049	$13,200,049	(Note 9)
1	Shan-Chih Asset Development Co.	Nature Worldwide Technology Corp.	Other receivables - related parties	Yes	68,991	68,991	68,991	3.00%	2	-	Business turnover	68,991	None	-	11,871,472	11,871,472	(Note 11)
		Tatung InfoComm Co., Ltd.	Long-term receivables	No	611,367	611,367	611,367	2.00%	2	-	Business turnover	611,367	None	-	11,871,472	11,871,472	(Note 12)
2	Shan-Chih Investment Co., Ltd	Nature Worldwide Technology Corp.	Other receivables - related parties	Yes	929,577	929,577	929,577	3.10%	2	-	Business turnover	929,577	None	-	220,818	220,818	(Note 13)
3	Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co.,Ltd.	Other receivables - related parties	Yes	20,000	20,000	20,000	2.00%	2	-	Business turnover	20,000	None	-	274,940	274,940	(Note 14)
4	Taipei Industry Corporation	Green Energy Technology Inc.	Other receivables - related parties	Yes	200,000	200,000	200,000	3.00%	2	-	Business turnover	-	Machinery, equipment	410,797	321,846	321,846	(Note 15)

Note 1: The Company and its subsidiaries are coded as follows:
(i) The Company is coded "0".
(ii) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.
Note 2: If the economic substance of transactions are financing to others, regardless of which component they are recognized as in the financial statements, certain transactions such as the account receivables –related parties and advances are included herein.
Note 3: Maximum balance of financing provided to others for the current year.
Note 4: Nature of financing is coded as follows: operational funding is coded"1"; short-term financing is coded "2".
Note 5: Total amount of the financing is disclosed herein if the financing is related to business transactions. Total amount of financing shall refer to the amount the lender provides to the borrower within the past year.
Note 6: The reasons and counterparties of the financing are addressed herein as the financing was associated with short-term capital needs.
Note 7: Financing to individual counter-party shall not exceed 25%~40% of the net assets values from the latest financial statements. Total financing amount shall not exceed 40% of the audited/reviewed net assets value of the most current period.
Note 8: If a public company brings the financing proposal to the board of directors according to Article 14-1, the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,the company still needs to disclose the amount resolved by the board in the balance to disclose the risk, even if the funds are not appropriated yet. When the funds are repaid afterwards, the company should disclose the amount returned to reflect the risk adjustment.
If a public company authorizes the chairman of the board of directors to appropriate or use certain limits of the funds several times in the period of a year according to Article 14-2, Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the amount resolved by the board in the balance.
Note 9: As of November 30, 2018, the Company provided endorsement in the amount of TWD2 billion to Chunghwa Picture Tubes, Ltd. for its bank loans. As Chunghwa Picture Tubes, Ltd. applied for financial structuring on December 13, 2018, banks claimed the expiration of the loans and offset the TWD2 billion endorsement against the loans.
As of December 31, 2018, the Company had a claim against Chunghwa Picture Tubes, Ltd. in the amount of TWD1,995,145 thousand and such amount was recognized as financing provided to Chunghwa Picture Tubes, Ltd. according to the resolutions of the board of directors of Tatung Co., Ltd on December 27, 2018.
Note 10: The value of the collateral is the value of equipment. The collaterals include plant in Longtan and plant in Yang Mei of Chunghwa Picture Tubes, Ltd. and 100% shares of Chunghwa Picture Tubes (Bermuda) Ltd.
Chunghwa Picture Tubes (Bermuda) Ltd. held 729,289,715 shares of Chunghwa Picture Tubes Technology (Group) Co., Ltd. and 728,000,000 shares were pledged as collateral to third parties.
Note 11: Of the claim Shan-Chih Asset Development Co. has against Nature Worldwide Technology Corp., TWD120,000 thousand was received on June 10, 2013 while the remaining is still in litigation.
Note 12: The financing provided by Shan-Chih Asset Development Co. to Tatung InfoComm Co., Ltd. used to be the the financing provided by Tatung Co., Ltd to Tatung InfoComm Co., Ltd. Such claim was sold to Shan-Chih Asset Development Co. for TWD53,000 thousand on December 29, 2017.
Hence, the financing was disclosed under Shan-Chih Asset Development Co. and Shan-Chih Asset Development Co. is the one collecting payments.
Note 13: Shan-Chih Investment Co., Ltd has provided financing to Nature Worldwide Technology Corp. more than the limit. Nature Worldwide Technology Corp. is currently under liquidation procedures and such situation would be remediated when the liquidation is completed.
Shan-Chih Investment Co., Ltd provided financing to Nature Worldwide Technology Corp. in the amount of TWD948,722 thousand, including principal of TWD690,800 thousand, other receivables and compensations.
As of December 31, 2010, Shan-Chih Investment Co., Ltd's other receivables from Nature Worldwide Technology Corp. were netting against its credit balance of investment.
According to the letter from New Taipei Branch, Administrative Enforcement Agency, Ministry of Justice, Shan-Chih Investment Co., Ltd received TWD25,659 thousand from the distribution executed by New Taipei Branch, Administrative Enforcement Agency, Ministry of Justice.
Note 14: Chih Sheng Investment Co., Ltd. has provided financing of NTD28,000 thousand to HEDA Biotechnology Co.,Ltd. in September 2011. However, HEDA Biotechnology Co.,Ltd. failed to repay on time.
After Chih Sheng Investment Co., Ltd's notice, HEDA Biotechnology Co.,Ltd. repaid NTD8,000 thousand in October 2012 while HEDA Biotechnology Co.,Ltd. was unable to repay the remaining TWD20,000 thousand.
Hence, Chih Sheng Investment Co., Ltd. had recognized such amount as loss allowance in 2014. Chih Sheng Investment Co., Ltd. continues negotiating with other shareholders to reach a consensus to support HEDA Biotechnology Co.,Ltd. with liquidation procedures.
However, if the liquidation fails, Chih Sheng Investment Co., Ltd. will continue negotiating with other shareholders for other solutions.
Note 15: Taipei Industry Corporation has provided financing of NTD200 million to Green Energy Technology Inc. in April 2018, acquired equivalent machinery and equipment as collateral and created pledge on the collateral. The financing expired on December 25, 2018. However, Green Energy Technology Inc. failed to repay on time.
Taipei Industry Corporation had sent legal attest letters for the repayments on January 3, 2019 and will file a lawsuit aginst the Court for enforcement.

ATTACHMENT 2

Endorsement/Guarantee provided to others for the year ended December 31, 2018

(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

No. (Note 1)	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided (Note 6)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 3)	Guarantee provided by parent company (Note 7)	Guarantee provided by a subsidiary (Note 7)	Guarantee provided to subsidiaries in Mainland China (Note 7)
		Company name	Relationship (Note 2)										
0	Tatung Co., Ltd	Tatung Co. of Japan, Inc.	2	$8,250,031	$1,772,400	$1,553,200	$1,418,820	$-	4.71%	$16,500,062	Y	N	N
		Chunghwa Picture Tubes, Ltd.	1	8,250,031	6,000,000	-	-	-	-	16,500,062	Y	N	N
1	Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	2	7,419,670	80,000	80,000	80,000	-	0.27%	14,839,341	N	N	N
		Tatung Co., Ltd	3	89,036,044	28,800,000	28,800,000	26,870,055	28,800,000	97.04%	89,036,044	N	Y	N
2	Green Energy Technology Inc.	Ultra Energy (Weifang) Technology Co. Ltd	3	-	273,280	127,684	82,159	-	-	-	N	N	Y
		Gintung Energy Co., Ltd.	1	-	48,000	-	-	-	-	-	N	N	N
3	NengNai International Co., Ltd	Green Energy Technology Inc.	4	1,762,462	1,250,000	1,100,000	835,400	1,100,000	62.41%	1,762,462	N	N	N
4	Ultra Energy Holding Limited	Green Energy Technology Inc.	4	2,196,973	1,250,000	1,100,000	835,400	1,100,000	50.07%	2,196,973	N	N	N
5	Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	2	504,140	92,865	92,145	-	-	5.48%	840,233	N	N	N
6	Suzhou Forward Electronics Technology Co., Ltd.	Forward Electronics Co., Ltd.	3	361,495	360,000	340,000	292,000	-	28.22%	602,491	N	N	N
7	Tatung System Technologies Inc.	Chyun Huei Commercial Technologies Inc.	2	196,675	90,000	90,000	20,000	-	9.15%	491,687	N	N	N
		Tisnet Technology Inc.	2	196,675	70,000	70,000	-	-	7.12%	491,687	N	N	N
		TSTI Technologies (Shanghai) Co., Ltd.	2	196,675	72,397	72,397	18,295	-	7.36%	491,687	N	N	Y
8	Chyun Huei Commercial Technologies Inc.	Tatung System Technologies Inc.	3	20,234	8,000	8,000	6,180	-	7.91%	50,584	N	N	N
9	Wujiang Shanghua Material	Tatung Fine Chemicals Co., Ltd.	3	-	22,995	-	-	-	-	-	N	N	N
10	Huaian Tatung Advanced Technology Materials Co., Ltd.	Tatung Fine Chemicals Co., Ltd.	3	58,264	56,041	53,704	48,000	-	82.96%	58,264	N	N	N
11	Tatung Coatings (Kunshan) Co., Ltd.	Tatung Fine Chemicals Co., Ltd.	3	91,732	64,450	62,654	22,000	-	61.47%	91,732	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. An investee company that has a business relationship with Tatung Co., Ltd
2. A investee in which Tatung holds directly and indirectly over 50% of voting shares.
3. An investee in which Tatung and its subsidiaries directly and indirectly hold over 50% of voting shares.
4. A investee in which Tatung holds directly and indirectly over 90% of voting shares.
5. An investee that has provided guarantees to Tatung Co.,Ltd, and vice versa, due to contractual requirements.
6. An investee in which Tatung conjunctly invests with other shareholders, and for which Tatung has provided endorsement/guarantee in proportion to its shareholding percentage.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Individual endorsement or guarantee shall not exceed 20% to 50% of the provider's net assets value, however, no limits for the counter-party who is a company 100% directly or indirectly owned.

Total endorsement or guarantee for others shall not exceed 50% of the provider's net assets value. The Group total endorsement or guarantee for others shall not exceed 50% of the Company's net assets value.

Shan-Chih Asset Development Co: Endorsement or guarantee provided to the Company shall not exceed 300% of Shan-Chih Asset Development Co's net assets value in the prior year. Endorsement or guarantee provided to investees shall not exceed 50% of Shan-Chih Asset Development Co's net assets value.

Shan-Chih Asset Development Co. is a 100% owned subsidiary of Tatung Co., Ltd incorporated by the split-up of the parent company's real property according to Business Mergers And Acquisitions Act in 2003.

Hence, it's reasonable and necessary that Shan-Chih Asset Development Co's real properties are pledged as collateral for loans of Tatung Co., Ltd in the amount exceeding 50% of the Company's net assets value.

Note 4: The maximum amount of endorsement or guarantee provided to others for current year.

Note 5: Should be the amount approved by the board of directors, but should be the amount approved by the chairperson when he/she is authorized by the board of directors according to Article 12 (8) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Should enter actual amount receiving party provided within the limit amount of guarantee/endorsement.

Note 7: A company is coded "Y" when a subsidiary is endorsed by the listed parent company, or a listed parent company is endorsed by a subsidiary, or a company with an endorsement in Mainland China.

Note 8: Limit of guarantee/endorsement amount for receiving party is less than that of ending balance,which is due to exchange rate differences.

Note 9: Translated at December 31,2018 exchange rate.

ATTACHMENT 3

Securities held for the year ended December 31, 2018 (Excluding subsidiary, associates and jointly controlled)

(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares (in thousands)	Book value (Note 3)	Percentage of ownership (%)	Market value/ net assets value	
Tatung Co., Ltd	Stock—Taiwan Sugar Co.,Ltd	-	Financial assets at fair value through other comprehensive income, current	1,391	$69	-	$69	
	Stock—Taiwan Power Co.,Ltd	-	Financial assets at fair value through other comprehensive income, current	2,104	14	-	14	
	Stock—Tongya Telecommunication Industry Co., Ltd	-	Financial assets at fair value through other comprehensive income, current	19,800	38,150	9.90	38,150	
	Stock—Chung Hwa Trading Development Co.	-	Financial assets at fair value through other comprehensive income, current	49,984	500	0.08	500	
	Stock—Chi Yeh Chemical Co.	-	Financial assets at fair value through other comprehensive income, current	125,000	5,504	0.63	5,504	
	Stock—United Electric Industry Co.Ltd	-	Financial assets at fair value through other comprehensive income, current	1,524,276	13,358	2.77	13,358	
	Stock—Asia-Pacific Thechnology & Intellectual Property Services Inc.	-	Financial assets at fair value through other comprehensive income, current	140,000	-	-	-	
	Stock—Scientific Pharmaceutical Elite Co.Ltd	-	Financial assets at fair value through other comprehensive income, current	600,000	2,917	5.45	2,917	
	Stock—Taiwan Otis Elevator Co.	-	Financial assets at fair value through other comprehensive income, current	20,000	124,639	10.00	124,639	
	Stock—Taiwan Cogeneration Co.	-	Financial assets at fair value through other comprehensive income, current	7,082,920	177,427	1.20	177,427	
	Stock—Rechi Precision Co., Ltd	-	Financial assets at fair value through other comprehensive income, current	831,761	20,170	0.16	20,170	
	Stock—Medigen Biotechnology Co.	-	Financial assets at fair value through other comprehensive income, current	370,000	16,669	0.27	16,669	
	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,027,056	15,024	2.51	15,024	
	Stock—Yi Chi Associated Trading Co.	-	Financial assets at fair value through other comprehensive income, non-current	30,000	300	6.67	300	
	Stock—Chih Yi Health Co.Ltd	-	Financial assets at fair value through other comprehensive income, non-current	200,000	2,000	20.00	2,000	
Chih De Investment Co., Ltd.	Stock－Elite Semiconductor Memory Technology Inc.	-	Financial assets at fair value through profit or loss, current	2,000	60	-	60	
	Stock－Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through profit or loss, current	5,000	112	-	112	
	Stock－Walton Advanced Engineering Inc.	-	Financial assets at fair value through profit or loss, current	10,000	108	-	108	
	Stock－BenQ Materials Corporation	-	Financial assets at fair value through profit or loss, current	5,000	84	-	84	
	Stock－Nien Hsing Textile Co., Ltd	-	Financial assets at fair value through profit or loss, current	2,475	64	-	64	

ATTACHMENT 3-1

Securities held for the year ended December 31, 2018 (Excluding subsidiary, associates and jointly controlled)

(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares (in thousands)	Book value (Note 3)	Percentage of ownership (%)	Market value/ net assets value	
San Chih Semiconductor Co., Ltd.	Stock—Crystal Applied Technology Inc.	-	Equity instruments at fair value through other comprehensive income, non-current	70,897	$-	0.07	$-	
	Stock—EPISTAR Co.	-	Equity instruments at fair value through other comprehensive income, non-current	1,864,140	47,722	0.17	47,722	
	Stock—Phecda Technology Co., Ltd.	-	Equity instruments at fair value through other comprehensive income, non-current	1,000,000	3,517	3.51	3,517	
Green Energy Technology Inc.	Stock–Chunghwa Picture Tubes, Ltd.	Affiliated company	Equity instruments at fair value through other comprehensive income, non-current	94,580,689	58,640	1.46	58,640	(Note 4, 5)
Forward Electronics Co., Ltd.	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through profit or loss, current	3,708,705	129,063	5.43	129,063	
	Stock－Tatung Co., Ltd	Parent-subsidiary	Financial assets at fair value through other comprehensive income, non-current	4,475,000	115,903	0.19	115,903	(Note 5)
Suzhou Forward Electronics Technology Co., Ltd.	Stock—Nanjing Global Display Technology Co.,Ltd.	-	Financial assets at fair value through profit or loss, non-current	-	-	17.29	-	
	Capital-guaranteed financial product－RMB Investment Products	-	Financial assets at fair value through profit or loss, current	-	393,828 (RMB 88,000)	-	393,828 (RMB 88,000)	
	Capital-guaranteed financial product－RMB Investment Products	-	Financial assets at fair value through profit or loss, current	-	89,507 (RMB 20,000)	-	89,507 (RMB 20,000)	(Note 4)
	Capital-guaranteed financial product－CITIC NO .17603 yield enhancement CNY term deposit	-	Financial assets at fair value through profit or loss, current	-	44,753 (RMB 10,000)	-	44,753 (RMB 10,000)	
	Capital-guaranteed financial product－RMB Structure Product	-	Financial assets at fair value through profit or loss, current	-	223,766 (RMB 50,000)	-	223,766 (RMB 50,000)	(Note 4)
	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss, current	-	71,605 (RMB 16,000)	-	71,605 (RMB 16,000)	
Forward Electronics Equipment (Dong Guan) Co., Ltd	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss, current	-	44,753 (RMB 10,000)	-	44,753 (RMB 10,000)	
	Capital-guaranteed financial product－RMB Structure Product	-	Financial assets at fair value through profit or loss, current	-	72,500 (RMB 16,200)	-	72,500 (RMB 16,200)	
Chunghwa Electronics Investment Co., Ltd	Stock—Tatung Co., Ltd	Parent-subsidiary	Financial assets at fair value through other comprehensive income, non-current	586	15	-	15	(Note 5)
Chih Sheng Investment Co., Ltd.	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,727,272	39,885	6.65	39,885	
	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,884,988	65,353	2.76	65,353	
	Stock—Tatung Atherton Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,000,000	44,623	10.00	44,623	
Chih Sheng Holding Co., Ltd.	Stock—Can Yang Investments Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,087,235	15,443	1.43	15,443	
Shan-Chih Asset Development Co.	Stock—Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	140,528	2,459	-	2,459	
	Stock—Cathay Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	42,997	2,021	-	2,021	
	Stock—Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	3,887	60	-	60	
	Stock—CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	747,636	15,102	-	15,102	
	Stock—Green Energy Technology Inc.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	13,253,936	34,858	3.05	34,858	(Note 5)
	Stock—Tatung System Technologies Inc.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	171	3	-	3	(Note 5)
	Stock—Chunghwa Electronics Investment Co., Ltd.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	562,355	1,000	0.19	1,000	(Note 5)
	Claim－Tatung InfoComm Co., Ltd.	-	Other financial assets, non-current	-	53,000	-	53,000	(Note 5)
Chih Sheng Realty Co., Ltd.	Stock–Chunghwa Picture Tubes, Ltd.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	141,871,033	253,949	2.19	253,949	(Note 5)
Shan Chih Investment Co., Ltd.	Stock—Tatung System Technologies Inc.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	540,450	9,134	0.80	9,134	(Note 5)
	Stock—Green Energy Technology Inc.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	1,278,173	3,362	0.29	3,362	(Note 5)
	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,027,056	15,024	2.51	15,024	
	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	3,868,008	134,593	5.66	134,593	

ATTACHMENT 3-2

Securities held for the year ended December 31, 2018 (Excluding subsidiary, associates and jointly controlled)

(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Holder	Type and name of securities (Note 1)	Relationship (Note 2)	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares (in thousands)	Book value (Note 3)	Percentage of ownership (%)	Market value/ net assets value	
Tatung Company of Japan, Inc.	Stock－Keyence.Co	-	Financial assets at fair value through other comprehensive income, non-current	7,186	$111,312	-	$111,312	
	Stock－Fanuc Co.	-	Financial assets at fair value through other comprehensive income, non-current	4,000	18,550	-	18,550	
	Stock－Toyota Motor Co.	-	Financial assets at fair value through other comprehensive income, non-current	5,500	9,802	-	9,802	
	Stock－SONY Co.	-	Financial assets at fair value through other comprehensive income, non-current	8,400	12,446	-	12,446	
	Stock－Total 48 listed companies	-	Financial assets at fair value through other comprehensive income, non-current	182,527	101,914	-	101,914	
Chunghwa Picture Tubes (Bermuda) Ltd.	Stock－Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income, non-current	729,289,715	6,103,315	26.37	6,103,315	(Note 4)
Chunghwa Picture Tubes (Bermuda) Ltd.	CPT TPV Optical (Fujian) Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income, non-current	-	41,383	5.00	41,383	
Chunghwa Picture Tubes (Bermuda) Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Financial assets at fair value through other comprehensive income, non-current	59,652,985	1,545,013	2.55	1,545,013	(Note 5)
Chunghwa Picture Tubes (Malaysia) Sdn.Bhd.	Mines Golf Resort Berhad	-	Financial assets at fair value through other comprehensive income, non-current	5,000,000	-	5.26	-	
Tatung Fine Chemicals Co., Ltd.	Stock－Hsieh Chih Industrial Library Publishing Co.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	1	-	0.03	-	
	Stock－Taiwan Smith Industrial Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	400,000	-	4.43	-	
Goldmax Asia Pacific Ltd	Kornerstone Materials Technology Co. Ltd.	Other related party	Financial assets at fair value through other comprehensive income, non-current	-	90,976	3.35	90,976	

Note 1: Securities are stocks, bonds, beneficiary certificates and derivative securities of the aforementioned items within the scope of IFRS 9 *Financial Instruments*.

Note 2: Only related parties are required to disclose such information.

Note 3: For financial assets measured at fair value, the book value should be the fair value deducted by the carrying value of accumulated impairment loss. For financial assets not measured at fair value, the book value should be the original cost or amortized cost deducted by the carrying value of accumulated impairment loss.

Note 4: If securities are restricted because of being used as collaterals, being pledged or other reasons, such restriction should be disclosed. Please refer to Note 6 and Note 8 for more details. Also, Green Energy Technology Inc. pledged shares of Chunghwa Picture Tubes, Ltd. to King's Town Bank for a financing of NTD43,000 thousand.

Note 5: All transactions are eliminated in the consolidated

ATTACHMENT 4

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock.

Buyer/seller	Type and name of securities (Note 1)	Financial statement account	Counter-party (Note 3)	Relationship (Note 3)	Beginning balance		Addition (Note 4)		Disposal (Note 4)				Ending balance		Note
					Shares/units	Amount	Shares/units	Amount	Shares/units	Amount	Cost	Gain (Loss) from disposal	Shares/units	Amount	
Forward Electronics Co., Ltd.	Stock－Tatung Co., Ltd	Financial assets at fair value through other comprehensive income, non-current	-	-	33,166	$636,787	-	-	28,691	$893,732	$197,967	$695,765	4,475	$115,903 (Note 2)	
Chunghwa Picture Tubes, Ltd.	Stock－Tatung Co., Ltd	Financial assets at fair value through other comprehensive income, non-current	-	-	10,945	210,140	-	-	10,945	331,082	408,712	(77,630)	-	-	

Note 1: Securities are stocks, bonds, beneficiary certificates and derivative securities of the aforementioned items within the scope of IFRS 9 *Financial Instruments.*

Note 2: All transactions are eliminated in the consolidated financial statements.

Note 3: Only securities accounted for using the equity method are required to disclose such information.

Note 4: Accumulated amount of addition and disposal should be considered separately when calculating whether such amount exceeds the lower of NT$300 million or 20 percent of the capital stock.

ATTACHMENT 5

Related party transactions for purchases and sales amounts exceeding NT$100 million or 20% of capital stock

Purchaser (seller)	Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance (Note 1)	Percentage of total receivables (payable)	
Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	Parent-subsidiary	Sales	($3,178,567)	(16.61)	-	No significant difference	Note 7	$1,540,571	35.01	
	Tatung Electric Company of America, Inc.	Parent-subsidiary	Sales	(152,532)	(0.80)	-	〃	〃	19,804	0.45	
	Tatung Forever Energy Co., Ltd.	Parent-subsidiary	Sales	(115,776)	(0.60)	-	〃	〃	41,539	0.94	
	Tatung Co. of Japan, Inc.	Parent-subsidiary	Sales	(595,738)	(3.11)	-	〃	〃	93,538	2.13	
	Tatung (Shanghai) Co.,Ltd	Parent-subsidiary	Purchases	161,988	1.08	-	〃	〃	(12,778)	(0.39)	
	Tatung Co. of Japan, Inc.	Parent-subsidiary	Purchases	439,552	2.93	-	〃	〃	(5,305)	(0.16)	
	Tatung Co. of America Inc.	Parent-subsidiary	Purchases	112,084	0.75	-	〃	〃	(6,249)	(0.19)	
	Tatung System Technologies Inc.	Parent-subsidiary	Purchases	154,357	1.03	-	〃	〃	(133,376)	(4.07)	
	Gintung Energy Co., Ltd.	Parent-subsidiary	Purchases	235,005	1.57	-	〃	〃	-	-	
	Elitegroup Computer Systems Co., Ltd.	Company in associates	Purchases	492,482	3.28	-	〃	〃	(171,030)	(5.22)	
Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd.	Company in associates	Sales	(1,566,905)	(53.00)	150	-	-	1,306,100	90.36	
	Tatung Co., Ltd	Parent-subsidiary	Sales	(447,115)	(15.12)	60	-	-	6,124	0.42	
	Tatung Co., Ltd	Parent-subsidiary	Purchases	659,874	23.61	60	-	-	(81,053)	(22.54)	
Tatung System Technologies Inc.	Tatung Co., Ltd	Parent-subsidiary	Sales	(183,231)	(6.00)	30-120	No significant difference	30-120	153,263	16.00	
Toes Opto-Mechatronics Co.	Vibrant Display Technology CO., Ltd.	Company in associates	Sales	(167,428)	(76.76)	30-60	-	-	21,316	24.12	
Green Energy Technology Inc.	Ultra Energy (WEIFANG) Technology Co. Ltd	Parent-subsidiary	Sales	(780,817)	(17.66)	T/T 90	-	-	584,533	55.63	
Ultra Energy (WEIFANG) Technology Co. Ltd	Green Energy Technology Inc.	Parent-subsidiary	Purchases	RMB 171,206	28.40	T/T 90	-	-	RMB (130,613)	(95.99)	
	Weifang Great Energy Trading Co., Ltd.	Parent-subsidiary	Sales	RMB (52,484)	(8.06)	T/T in Advance	-	-	-	-	
Gintung Energy Co., Ltd.	Tatung Co., Ltd	Parent-subsidiary	Sales	(253,051)	(16.32)	60	-	-	-	-	
Chunghwa Picture Tubes, Ltd.	CPTF Optronics Co., Ltd.	Other related party	Purchases	2,682,667	16.00	-	-	-	(6,720,922)	(42.18)	
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Other related party	Purchases	4,449,334	27.00	-	-	-	(6,300,689)	(39.55)	
	Chunghwa Picture Tubes (Bermuda) Ltd.	Parent-subsidiary	Sales	(169,077)	(16.00)	-	-	-	880,855	49.00	
CPTF Optronics Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Other related party	Sales	(2,682,667)	(71.00)	-	-	-	6,720,922	98.00	
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	Sales	(508,224)	(13.00)	-	-	-	145,270	2.00	
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	Purchases	295,500	6.00	-	-	-	(282,939)	(22.04)	
	CPTF Visual Display (Fuzhou) Ltd.	Company in associates	Purchases	168,469	4.00	-	-	-	(18,615)	(1.45)	
	Chunghwa Picture Tubes (Bermuda) Ltd.	Other related party	Purchases	169,077	59.00	-	-	-	(880,855)	(68.61)	
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Other related party	Sales	(4,449,334)	(53.00)	-	-	-	6,300,689	94.00	
	CPTF Optronics Co., Ltd.	Company in associates	Sales	(295,500)	(4.00)	-	-	-	282,939	4.23	
	CPTF Optronics Co., Ltd.	Company in associates	Purchases	508,224	6.00	-	-	-	(145,270)	(6.72)	
	CPTF Visual Display (Fuzhou) Ltd.	Company in associates	Purchases	1,455,741	18.00	-	-	-	(792,898)	(36.66)	
CPTF Visual Display (Fuzhou) Ltd.	CPTF Optronics Co., Ltd.	Company in associates	Sales	(168,469)	(10.00)	-	-	-	18,615	2.00	
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	Sales	(1,455,741)	(89.00)	-	-	-	792,898	97.00	
.Chunghwa Picture Tubes (Bermuda) Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Purchases	169,077	100.00	-	-	-	(880,855)	(100.00)	
	CPTF Optronics Co., Ltd.	Other related party	Sales	(169,077)	(100.00)	-	-	-	880,855	100.00	
Forward Development Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd.	Parent-subsidiary	Sales	(344,160)	(71.16)	60	No significant difference	No significant difference	72,676	62.07	
	Suzhou Forward Electronics Technology Co., Ltd.	Parent-subsidiary	Purchases	484,584	100.00	90	〃	〃	(172,713)	(100.00)	
Suzhou Forward Electronics Technology Co., Ltd.	Forward Development Co., Ltd.	Parent-subsidiary	Sales	(484,584)	(61.88)	120	No significant difference	No significant difference	172,713	60.26	
Tatung Electric Company of America, Inc.	Tatung Co., Ltd	Parent-subsidiary	Purchases	153,400	75.07	120	-	-	(19,853)	(92.60)	
Shan-Chih Asset Development Co.	Tatung Co., Ltd	Parent-subsidiary	Sales	(222,779)	(23.77)	-	-	-	10	0.07	
Tatung (Shanghai) Co.,Ltd	Tatung Co., Ltd	Parent-subsidiary	Purchases	144,757	22.80	150	-	-	(49,433)	(13.41)	
	Tatung Co., Ltd	Parent-subsidiary	Sales	(156,115)	(17.43)	60	-	-	13,822	13.05	
	Tatung Management Consultant (Shanghai) Co., Ltd.	Company in associates	Purchases	123,903	19.50	90	-	-	(46,202)	(12.54)	
Tatung Co. of America Inc.	Tatung Co., Ltd	Parent-subsidiary	Sales	(114,287)	(9.83)	30-60	-	-	7,026	5.24	
Tatung Consumer Products (Taiwan) Co., Ltd.	Tatung Co., Ltd	Parent-subsidiary	Sales	(102,098)	(1.74)	60-120	-	-	5,737	1.74	
	Tatung Co., Ltd	Parent-subsidiary	Purchases	2,742,507	68.31	60-120	-	-	(1,842,785)	(91.54)	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Company in associates	Sales	(351,433)	(72.50)	-	-	-	141,398	59.92	
	Tatung Co., Ltd	Parent-subsidiary	Purchases	173,289	31.06	-	-	-	(32,932)	(14.94)	

Note 1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

Note 2: CPT lost control of CPTTG and its subsidiaries in December 2018. The identifiable assets and liabilities were remeasured at fair value. Please refer to Note 6 for more details.

ATTACHMENT 6

Receivables from related parties with amounts exceeding NT$100 million or 20% of capital stock.

Company recorded as receivable	Related party	Relationship	Ending balance (Note 1)	Turnover rate	Overdue receivables		Amount received in subsequent period	Loss allowance
					Amount	Collection status		
Tatung Co., Ltd	1. Accounts receivable - related parties							
	Tatung Consumer Products (Taiwan) Co., Ltd.	Parent-subsidiary	$1,540,571	1.94	$-	-	$-	$-
	2. Other receivables - related parties (including long-term)							
	Shan-Chih Asset Development Co.	Parent-subsidiary	483,104	-	-	-	-	-
	Green Energy Technology Inc.	Parent-subsidiary	1,330,440	-	-	-	-	-
	Tatung Information Technology (Jiangsu) Co., Ltd.	Parent-subsidiary	540,816	-	-	-	-	-
	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	2,067,050	-	-	-	-	-
Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd.	Company in associates	1,306,100	1.40	835,411	As of December 31, 2018, Tatung Co. of Japan, Inc. has given numerous notice to Chunghwa Picture Tubes, Ltd. for its claim of accounts receivable and related expenses further.	-	-
Tatung System Technologies Inc.	Tatung Co., Ltd	Parent-subsidiary	153,263	2.09	217	With the cash flow from both sides, collection and payment still ongoing	113,167	-
Chunghwa Picture Tubes (Bermuda) Ltd.	CPTF Optronics Co., Ltd.	Other related party	880,855	-	232,203	-	-	-
CPTF Optronics Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Other related party	6,720,922	-	3,959,509		-	-
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	145,270	-	105,454	-	-	-
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Other related party	6,300,689	-	4,921,311	-	-	-
	CPTF Optronics Co., Ltd.	Company in associates	282,939	-	-	-	-	-
CPTF Visual Display (Fuzhou) Ltd.	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	792,898	-	-	-	-	-
Suzhou Forward Electronics Technology Co., Ltd.	Forward Development Co., Ltd.	Parent-subsidiary	172,713	3.01	-	-	96,199	-
Green Energy Technology Inc.	Ultra Energy (WEIFANG) Technology Co. Ltd	Parent-subsidiary	584,533	0.82	584,533	With the cash flow from both sides, collection and payment still ongoing	42,602	-
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Company in associates	141,398	4.97	-	-	-	-

Note 1: All transactions are eliminated in the consolidated financial statements.

ATTACHMENT 7 :Engaging in derivative transactions

SCSC and its subsidiaries

Forward foreign exchange contracts

Forward foreign exchange contracts aimed at managing exposures of certain transactions, but not designated as hedging instruments. Forward foreign exchange contracts entered into by SCSC and its subsidiaries are listed as follows:

Item	Contract amount		Period
December 31, 2018			
None			
December 31, 2017			
Forward foreign exchange contracts	Buy thousand	USD506	October 2017-January 2018
Forward foreign exchange contracts	Buy thousand	USD649	October 2017-January 2018
Forward foreign exchange contracts	Buy thousand	USD967	October 2017-January 2018
Forward foreign exchange contracts	Buy thousand	USD363	November 2017-March 2018

Tatung Compressors (Zhongshan) Co., Ltd.

Forward foreign exchange contracts

Forward foreign exchange contracts aim at managing exposures of certain transactions, but not designated as hedging instruments. Forward foreign exchange contracts entered into by Tatung Compressors (Zhongshan) Co., Ltd. are listed as follows:

Item	Contract amount	Period
December 31, 2018		
None		
December 31, 2017		
Forward foreign exchange contracts	Sell USD200 thousand	December 2017-March 2018

The counterparties of the aforementioned derivative transactions are reputable financial institutions with satisfactory credit ratings; hence, credit risk is relatively low.

The forward foreign exchange contracts aim at hedging exchange rate risk of net assets or net liabilities with cash inflows or outflows upon maturity. The Company also has sufficient working capital, and therefore there’s no significant cash flow risk.

ATTACHMENT 8

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd.	Taoyuan City,Taiwan	Manufacture, research and sale of picture tubs and TFT-LCD products	$6,992,774	$6,992,774	1,850,745,168	28.56	$(2,978,206)	$(19,561,244)	$(5,487,698)	
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	Manufacture and sales of semiconductors and chips	920,981	920,981	49,913,576	43.18	(88,660)	(2,025,440)	(949,476)	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	Manufacture and sales of backlight modules, variable resistors, encoders, wireless devices, LED lighting	314,095	314,095	18,955,623	12.05	237,586	(185,484)	(16,754)	
	Tatung System Technologies Inc.	Taipei City, Taiwan	Software and hardware service and system integration	247,655	247,655	36,018,121	53.60	509,819	78,077	45,021	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products	392,316	392,316	37,458,319	48.27	56,885	(241,541)	(116,274)	
	Green Energy Technology Inc.	Taoyuan City,Taiwan	Manufacture of electrical parts and retail sales and wholesale of electrical materials	300,000	300,000	19,723,865	4.54	(84,478)	(7,089,200)	(322,223)	
	Chih Sheng Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,500,000	1,500,000	150,000,000	100.00	19,143	(595,792)	(595,792)	
	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	2,119,350	2,119,350	77,627,119	95.83	515,296	26,624	3,474	
	Chunghwa Electronics Development Co., Ltd.	Taipei City, Taiwan	Investment holding	2,397,447	2,217,447	280,626,267	93.68	(579,043)	(2,093,903)	(1,944,108)	
	Shan-Chih Asset Development Co.	Taipei City, Taiwan	The development and leasing of real estate	14,840,192	14,840,192	5,220,064	100.00	43,788,755	256,065	(392,827)	
	Taiwan Telecommunication Industry Co., Ltd.	Taipei City, Taiwan	Telecommunication devices.	2,462,471	2,462,471	675,000	100.00	(855,140)	(761)	(776)	
	Tatung Information (Singapore) Pte. Ltd.	Singapore	Investment holding	1,625,465	1,625,465	86,049,842	100.00	(55,924)	(34,263)	(33,380)	
	Tatung Electric (Singapore) Pte. Ltd.	Singapore	Investment holding	676,331	676,331	33,098,675	100.00	962,215	202,751	202,751	
	Tatung Mexico S.A de C.V.	Mexico	Manufacture of electronic products	503,289	503,289	1,005,825	100.00	153,528	(7,022)	(7,022)	
	Tatung Co. of Japan, Inc.	Japan	Sales and purchase of electronic parts, home appliances and IT products	1,903	1,903	15,000	100.00	657,401	46,354	119,091	
	Tatung Electronics (S) Pte. Ltd.	Singapore	Purchases, sales and services of raw material	48,276	48,276	3,600,000	90.00	83,125	(15,062)	(13,556)	
	Tatung (Thailand) Co., Ltd.	Thailand	Manufacturing and sales of IT products, home appliances and AI meter	974,283	896,506	105,599,998	99.99	515,387	44,553	44,553	
	Tatung Wire & Cable (Thailand) Co., Ltd.	Thailand	The manufacturing and sales of wire and cable	-	60,154	-	-	-	-	-	
	Tatung Vietnam Co., Ltd.	Vietnam	Manufacture and sales of home appliances	-	932,819	-	-	-	(9,997)	(9,997)	Note 4
	Tatung Electric Technology (VN) Co., Ltd.	Vietnam	Manufacture and sales of wire and cable	-	459,537	-	-	-	(5,840)	(5,840)	Note 4
	Tatung Consumer Products (Taiwan) Co., Ltd.	Taipei City, Taiwan	Sales of home appliances	1,145,500	1,145,500	49,650,000	99.10	(1,181,768)	(120,392)	(119,311)	
	Toes Opto-Mechatronics Co.	Taipei City, Taiwan	The manufacturing of various automatic equipment	170,000	170,000	17,000,000	85.00	15,444	(70,117)	(48,036)	
	Tatung SM-Cycle Co.	New Taipei City, Taiwan	Manufacture of speed reducers, speed aviators	71,220	71,220	6,400,000	85.33	171,223	51,128	43,945	
	Tatung DIE Casting Co.	New Taipei City, Taiwan	Manufacturing and sales of casting mold	7,880	7,880	153,000	51.00	56,246	20,038	8,787	
	Tatung Medical Healthcare Technologies Co., Ltd.	Taipei City, Taiwan	Design and sales of medical instruments	407,174	389,674	33,924,366	95.56	168,971	(29,259)	(37,040)	
	Central Research Technology Co.	Taipei City, Taiwan	EMCIRF testing and certification services	120,000	120,000	6,612,155	100.00	49,876	(6,054)	(6,678)	
	TATUNG CZECH s.r.o	Czech Republic	Sales of AI meters and energy saving products in the EU	342,448	342,448	-	100.00	8,728	110	110	
	Absolute Alpha Limited	British Virgin Islands	Investment holding	3,190	3,190	50,000	100.00	20,500	260	260	
	Tatung Co. of America Inc.	U.S.A.	The sale and servicing of IT and household electronics products in the US	45,115	45,115	1,750,000	50.00	94,751	(31,169)	(15,585)	
	Tatung Electric Company of America, Inc.	U.S.A.	Sales and service of motors	121,184	121,184	1,000,000	100.00	175,002	1,833	1,833	
	Tatung Science and Technology, Inc.	U.S.A.	The sale and purchase of IT products	632,934	632,934	6,872,000	100.00	7,612	(66)	(66)	
	Elitegroup Computer Systems Co., Ltd.	Taipei City, Taiwan	The manufacturing, design and sales of IT products	5,007,151	5,007,151	152,475,397	27.35	3,626,573	20,412	2,857	
	Tatung Okuma Co., Ltd.	Taipei City, Taiwan	Sales and production of working machine	49,000	49,000	8,428,000	49.00	1,285,832	254,991	124,946	
	Kuender Co., Ltd.	Taipei City, Taiwan	Conversion of plastic module	38,500	38,500	10,336,000	50.00	63,880	(40,452)	(13,835)	
	Hsieh-Chih Industrial Library Publishing Co.	Taipei City, Taiwan	The publishing and sales of Hsieh Chih Industrial Library	2,420	2,420	242	6.91	972	257	16	
	Chung-Tai Technology Development Engineering Co.	New Taipei City, Taiwan	Construction of telecom cable	88,000	88,000	2,200,000	22.00	13,227	562	62	
	Tatung Forever Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	485,583	256,230	48,558,308	97.12	462,930	(24,067)	(23,960)	
	Taipei Industry Corporation	Taipei City, Taiwan	Production and sales of mixing concrete	19	19	69	0.00	34	787,386	20	
	Chunghwa Picture Tubes (Labuan) Ltd.	Labuan	Investment holding and the sale of TFT-LCD	-	968,560	-	-	-	6,371	2,614	
	LEAP HIGH LTD	Samoa	Investment holding	12,498	9,438	263,250	65.00	1,520	(1,607)	(2,010)	
	Tungyang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	150,000	150,000	15,000,000	100.00	149,431	(248)	(248)	
	Shang Shin Energy Co., Ltd.	Tainan City,Taiwan	Solar energy related business	100	-	10,000	100.00	70	(30)	(30)	
	Chih Kuang Energy Co., Ltd.	Tainan City,Taiwan	Solar energy related business	150,000	-	15,000,000	100.00	149,932	(68)	(68)	
	Lansong International Co., Ltd.	Cambodia	Forestry	1,271,592	1,271,592	-	98.33	-	-	-	
	Tatung Netherlands B.V.	Netherlands	The sales of digital products	178,579	178,579	11,030	100.00	(145,958)	-	-	
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	British Virgin Islands	Investment holding	658,256	680,752	-	100.00	1,422,596	13,852	13,852	
	Gintung Energy Co., Ltd.	Taoyuan City,Taiwan	The manufacturing and sale of solar module and related component	355,296	355,296	5,398,269	14.59	18,158	(34,288)	(5,002)	
San Chih Semiconductor Co., Ltd.	Green Energy Technology Inc.	Taoyuan City,Taiwan	Manufacture of electrical parts and retail sales and wholesale of electrical materials	2,477,692	2,477,692	98,804,274	22.77	(546,277)	(7,089,200)	(1,636,501)	
	GREATER POWER LIMITED	Hong Kong	Investment holding	446,482	446,482	13,760,000	100.00	106,763	(326,129)	(326,129)	
	Chih De Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,000	1,000	100,000	100.00	981	(66)	(66)	
GREATER POWER LIMITED	ULTRA ENERGY HOLDINGS LIMITED	Hong Kong	Investment holding	446,482	446,482	13,760,000	19.77	434,341	(1,649,612)	(326,129)	
Green Energy Technology Inc.	ENERGY WELL INTERNATIONAL LIMITED	Hong Kong	Investment holding	1,768,360	1,768,360	56,012,000	100.00	433,088	(1,323,490)	(1,323,490)	
	Gintung Energy Co., Ltd.	Taoyuan City,Taiwan	The manufacturing and sale of solar module and related component	111,193	111,193	11,119,332	30.05	40,257	(34,288)	(10,304)	
ENERGY WELL INTERNATIONAL LIMITED	ULTRA ENERGY HOLDINGS LIMITED	Hong Kong	Investment holding	1,767,493	1,767,493	55,840,000	80.23	433,263	(1,649,612)	(1,323,484)	
Tatung System Technologies Inc.	Chyun Huei Business Technology Inc.	Taipei City, Taiwan	Information software service	42,740	42,740	5,400,000	100.00	101,169	12,618	12,618	
	Tatung System Technologies Holding Ltd.	Samoa	Investment holding	-	137,237	-	-	-	69	568	Note 2
	Tisnet Technology Inc.	Taipei City, Taiwan	Software design and development	62,590	62,590	5,500,000	100.00	53,995	(2,368)	(2,227)	
Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Bermuda	Investment holding	3,779,927	3,779,927	131,900,000	100.00	8,025,390	(11,024,730)	(11,024,730)	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	Manufacture and sale of electronics	-	402,900	-	-	-	(154,584)	(23,698)	

ATTACHMENT 8-1

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Chunghwa Picture Tubes (Bermuda) Ltd.	Goldmax Asia Pacific Ltd.	Hong Kong	Investment holding	$18,636	$18,636	612,303	4.75	$18,636	$(30,302)	$-	
Tatung Fine Chemicals Co., Ltd.	Shang Chih International Chemical Industry Co., Ltd.	British Virgin Islands	Investment holding	84,647	84,647	-	100.00	88,318	4,834	4,834	
Shan-Chih Asset Development Co.	Tatung Forestry and Construction Co.	Taipei City, Taiwan	The design and construction of structural engineering	221,405	221,405	22,198,040	99.77	268,476	3,005	2,998	
	Taipei Industry Corporation	Taipei City, Taiwan	Production and sales of mixing concrete	1,058,450	1,058,450	1,362,055	50.61	1,722,086	787,386	398,503	
	Shan-Chih Asset International Holding Corp.	Samoa	Investment holding	2,443,982	2,443,982	72,900,000	100.00	892,688	4,327	4,327	
	Chih Sheng Realty Co., Ltd.	Taipei City, Taiwan	Realty management	592,950	592,950	59,294,950	100.00	982,154	(5,390)	(5,390)	
	Hsieh-Chih Industrial Library Publishing Co.	Taipei City, Taiwan	The publishing and sales of Hsieh Chih Industrial Library	9,960	9,960	3,201	91.46	12,643	257	236	
Shan-chih Asset International Holding Co.	San-Chih Asset International(Hong Kong) Holding,.Ltd.	Hong Kong	Investment holding	1,177,183	1,177,183	40,000,000	100.00	617,647	(190)	(190)	
Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co., Ltd.	Taipei City, Taiwan	Produce, food and groceries retail	12,000	12,000	12,000,000	52.17	-	-	-	
	Chunghwa Electronics Development Co., Ltd.	Taipei City, Taiwan	Investment holding	181,800	181,800	18,384,477	6.14	19,303	(2,093,903)	(135,672)	
	Taiwan Nissei Display System Co., Ltd	New Taipei City, Taiwan	Speedometers	-	40,464	-	-	-	-	-	Note 3
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products	57,044	57,044	3,796,537	4.89	6,764	(241,541)	(11,646)	
	Chih Sheng Investment (BVI) Co., Ltd.	British Virgin Islands	Investment holding	508,337	508,337	16,862,590	100.00	84,745	(10,888)	(10,888)	
	Green Energy Technology Inc.	Taoyuan City,Taiwan	Manufacture of electrical parts and retail sales and wholesale of electrical materials	881,501	881,501	33,960,610	7.83	(219,444)	(7,089,200)	(555,608)	
Chih Sheng Investment (BVI) Co., Ltd.	Chih Sheng Holding Co., Ltd.	British Virgin Islands	Investment holding	542,219	542,219	16,812,590	100.00	70,439	(27,721)	(27,721)	
Chih Sheng Holding Co, Ltd	Chih Sheng Holding HK Limited	Hong Kong	Investment holding	200,111	200,111	6,205,310	100.00	(27,165)	6,305	6,305	
	Goldmax Asia Pacific Ltd.	Hong Kong	Investment holding	193,500	193,500	6,000,000	46.51	81,166	(30,302)	(14,093)	
Chunghwa Electronics Development Co., Ltd.	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Manufacturing & Investment holding	92,918	92,918	3,376,213	4.17	17,312	26,624	1,020	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	The manufacturing and sale of electronics	36,550	38,057	10,114,750	6.43	114,111	(185,484)	(12,277)	
	Chunghwa Picture Tubes, Ltd.	Taoyuan City,Taiwan	Manufacture, research and sale of picture tubs and TFT-LCD products	3,991,703	4,033,037	579,821,932	8.95	(408,205)	(19,561,244)	(1,756,092)	
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	Manufacture and sales of semiconductors and chips	296,479	320,374	16,067,651	13.90	(56,292)	(2,025,440)	(291,465)	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	The manufacturing and sale of household coatings, industrial coatings and chemical products	17,338	17,338	1,138,960	1.47	1,998	(241,541)	(3,494)	
Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Taoyuan City,Taiwan	The manufacturing and sale of solar module and related component	28,600	28,600	438,600	1.18	1,469	(34,288)	(405)	
Shan Chih Investment Co., Ltd.	Shan-Chih International Holding Co.	Samoa	Investment holding	247,118	247,118	7,500,000	100.00	232,242	29,118	29,118	
Tatung Medical Healthcare Technologies Co., Ltd.	Cloud Care Technologies Co., Ltd.	Taipei City, Taiwan	Service of information software	1,600	1,600	160,000	40.00	2,154	98	39	
	Tatung Medical&Healthcare Technologies Inc.	Samoa	Investment holding	2,993	1,517	100,000	100.00	1,588	(194)	(192)	
	Insured Pharmaceuticals Co., Ltd.	Taipei City, Taiwan	Pharmaceuticals and warehousing and transportation service	35,000	17,500	3,500,000	100.00	30,975	3,364	3,364	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	400,000	160,000	40,000,000	100.00	397,191	(1,528)	(1,528)	
Tatung Mexico S.A de C.V.	TMX Logistics, Inc.	U.S.A	Hub Service	83,160	83,160	2,694,403	100.00	8,259	(10,979)	(10,979)	
	TMX Technologies, Inc.	U.S.A	Technologies & Business	70,191	70,191	2,250	100.00	2,671	682	682	
Absolute Alpha Limited	Tatung Information Technologies Corp.	U.S.A	The sale of electronic products	1,595	1,595	50,000	100.00	19,444	288	288	
Tatung Information (Singapore) Pte. Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	13,133	13,133	425,099	100.00	2,865	(82)	(82)	
	Tatung Myanmar JV Holding Co., Ltd.	British Virgin Islands	Investment holding	4,841	4,841	150,000	100.00	3,070	(881)	(881)	
Tatung Myanmar JV Holding Co., Ltd.	LIN HTET LIN Co., Ltd.	Myanmar	Solar energy related business	4,841	4,841	73,500	49.00	3,070	(1,767)	(881)	
Tatung (Thailand) Co., Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	-	-	1	-	-	(82)	-	
Leap High Limited	Tatung Middle East Purification of Potable Water L.L.C.	Dubai	Sales of water generators in Middle East	11,716	8,802	704	49.00	579	(3,208)	(1,570)	

Note1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

Note2: Tatung System Technologies Holding Ltd. has completed the cancellation procedures on June 20, 2018.

Note3: Chih Sheng Investment Co., Ltd., subsidiary of the Company, entered a shares transaction contract in March 2018 and sold shares of Taiwan Nissei Display System Co., Ltd, investments accounted for under the equity method. The transaction was completed as of March 31, 2018.

Note4: The Company signed contract to sell stocks in the fourth quarter of 2018, expecting to sell all of the stocks of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. Such transaction is expected to be completed within a year.

The Company recognized assets and liabilities of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. as non-current assets and liabilities held for sale as at December 31, 2018 according to IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations.

ATTACHMENT 9

Investment in Mainland China

Investor company ((Note 7)	Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment ((Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2 and 4)	Carrying Value as of December 31, 2018 ((Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2018
						Outflow	Inflow						
Tatung Electric (Singapore) Pte. Ltd.	Tatung (Shanghai) Co.,Ltd	Manufacture and sales of AC motor, DC motors, AC generators, diesel engine generators, variablespeed motors, inverters and PLCs, transformers, switchboards	$721,803 USD 23,500	(2) (Note 6)	$629,658 USD 20,500	$-	$-	$629,658 USD 20,500	$232,433	87.23%	$202,751 (2) B.	$962,215	$-
Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Produce and sales of appliances and electronic production	780,161 USD 25,400	(2) (Note 6)	780,161 USD 25,400	-	-	780,161 USD 25,400	(18,575)	100.00%	(18,575) (2) B.	(408,526)	-
	Tatung Wire And Cable Technology (Wujiang) Co., Ltd.	Manufacture and sales of wire and cable	-	(2) (Note 6)	399,295 USD 13,000	-	-	399,295 USD 13,000	(9,463)	-	- (2) B.	- (Note 12)	-
	Tatung Compressors (ZHONGSHAN) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	349,844 USD 11,390	(2) (Note 6)	279,507 USD 9,100	-	-	279,507 USD 9,100	5,931	79.89%	4,738 (2) B.	300,946	-
ULTRA ENERGY HOLDINGS LIMITED	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar wafer slicing	2,137,764 USD 69,600	(2) (Note 8)	2,137,764 USD 69,600	-	-	2,137,764 USD 69,600	(1,649,581)	100.00%	(1,649,581) (2) B.	541,062	-
Ultra Energy (WEIFANG) Technology Co.	Weifang Great Energy Trading Co., Ltd.	Sales of solar energy related products	44,753 RMB 10,000	(6)	-	-	-	-	(89,133)	100.00%	(89,133) (2) B.	(42,711)	-
Forward Development Co.,Ltd	Forward Electronics Equipment (Dong Guan) Co., Ltd	Manufacture and sales of tuner, keyboard, mouse, remote controller, switch, socket, potentiometer and gaming mouse	141,289 USD 4,600	(2) (Note 5)	122,788	-	-	122,788	6,671	100.00%	6,671 (2) B.	146,845	25,002 USD 814
	Suzhou Forward Electronics Technology Co., Ltd.	The manufacturing and sale of backlight unit for TFT-LCD, driving board, tuner, keyboard, mouse,switch, socket and connector	835,448 USD 27,200	(2) (Note 5)	145,175	-	-	145,175	34,008	100.00%	34,008 (2) B.	1,204,982	258,651 USD 8,421
	CPTF Visual Display (Fuzhou) Ltd.	Assembling, design and after-sales service of LCD	159,718 USD 5,200	(2) (Note 5)	35,495	-	22,496	12,999	39,094	- (Note 11)	9,699 (2) C.	-	-
Tatung System Technologies Inc.	TSTI Technologies (Shanghai) Co., Ltd.	Information software service	144,888 RMB 30,000	(1)	136,308 USD 4,569	-	-	136,308 USD 4,569	(36,717) (RMB -8,051)	94.00%	(32,939) (2) B.	44,070	-
Tatung Fine Chemicals Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sales of industry coating and electro-deposition coating.	80,970 USD 2,467	(1)	33,156 USD 1,060	-	-	33,156 USD 1,060	(51,028)	100.00%	(51,028) (2) B.	99,927	61,194 USD 1,914
	Huaian Tatung Advanced Technology Materials Co., Ltd.	The manufacturing and sales of positive material of lithium battery, printer ink, electro-deposition high performance coating.	162,429 USD 5,000	(1)	147,987 USD 4,550	-	-	147,987 USD 4,550	(18,369)	100.00%	(18,369) (2) B.	64,738	-
	Wujiang Shang Huah Plastic Co., Ltd.	ABS plastic, color dyes.	- (Note 14)	(1)	10,080 USD 300	-	3,839 USD 125	- USD 0 (Note 14)	(504)	- (Note 14)	(504) (2) B.	-	2,757 USD 85
Shang Chih International Chemical Industry Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Wholesale of painting, coating and chemical products	32,236 USD 1,000	(2) (Note 6)	32,236 USD 1,000	-	-	32,236 USD 1,000	4,428	100.00%	4,428 (2) B.	52,183	18,125 USD 605
	Wujiang Shanghua Material Technology Co., Ltd	Manufacture and sales of ABS plastic	52,411 USD 1,600	(2) (Note 6)	52,411 USD 1,600	-	-	52,411 USD 1,600	443	100.00%	443 (2) B.	41,466	8,726 USD 270
Chunghwa Picture Tubes, Ltd. (Note 10)	CPTF Optronics Co., Ltd.	R&D, design and manufacture components of TFT-LCD	10,407,468 RMB 2,325,526	(3) (Note 6)	245,720 USD 8,000	-	-	245,720 USD 8,000	1,232,356	100.00%	324,972 (2) B. (Note 17)	(Note 13)	1,198,100 USD 39,007
	Chunghwa Picture Tubes (Wujiang) Ltd.	Manufacture and sales of TFT-LCD	3,685,800 USD 120,000	(4) (Note 6)	-	-	-	-	(163,198)	100.00%	(43,035) (2) B. (Note 17)	(Note 13)	-
	CPTF Visual Display (Fuzhou) Ltd.	Development, design, assembly and sales of Touch component material	159,718 USD 5,200	(4) (Note 6)	-	-	-	-	91,402	100.00%	23,107 (2) B. (Note 17)	(Note 13)	-
	CPT TPV Optical (Fujian) Co., Ltd.	Research, design, manufacturing, sales and service of flat-panel display device, monitor display model and components	691,088 USD 22,500	(4) (Note 6)	-	-	-	-	105,893	80.00%	26,240 (2) B. (Note 17)	41,383 (Note 16)	-
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Research, design, manufacturing, sales and service of flat-panel display device, monitor display model and components	12,378,876 RMB 2,766,033	(5) (Note 6)	-	-	-	-	229,430	26.37%	60,501 (2) B. (Note 17)	6,103,315 (Note 15)	-
	Huallar Optronics (Fuzhou) Co. Ltd.	Manufacture and processing components of Optoelectronic	92,145 USD 3,000	(5) (Note 6)	-	-	-	-	(7,858)	51.00%	(1,057) (2) B. (Note 17)	(Note 13)	-
	Kornerstone Materials Technology Co. Ltd.	R&D, design and manufacture components of TFT-LCD	11,842,598 USD 385,564	(5) (Note 6)	-	-	-	-	(2,050,442)	96.65%	(525,938) (2) B. (Note 17)	(Note 13)	-
	CPTF Optronics (Shen-Zhen) Co., Ltd.	Market research service	8,951 RMB 2,000	(5) (Note 6)	-	-	-	-	1,255	100.00%	1,255 (2) B. (Note 17)	12,485	-

ATTACHMENT 9-1

Investment in Mainland China

Investor company ((Note 7)	Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment ((Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized ((Notes 2 and 4)	Carrying Value as of December 31, 2018 ((Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2018
						Outflow	Inflow						
	Fuzhou YingYuan Equity Investment Management Co., Ltd.	Consulting service for investment related or not related to securities	$44,753 RMB 10,000	(5) (Note 6)	$-	$-	$-	-	$349	100.00%	$92 (2) B. (Note 17)	(Note 13)	$-
	Vibrant Display Technology CO., Ltd.	R&D, design and manufacture components of TFT-LCD	37,592,668 RMB 8,400,000	(5) (Note 6)	-	-	-	-	(7,162,268)	100.00%	(1,888,690) (2) B. (Note 17)	(Note 13)	-
	DDD3Empire	Manufacture, research and sales of optical glass	67,130 RMB 15,000	(5) (Note 6)	-	-	-	-	(15,646)	55.00%	(2,208) (2) B. (Note 17)	(Note 13)	-
	Huajiayuan Co., Ltd.	Development, investment, sale, leasing of real estate; estate management and loding	810,032 RMB 181,000	(5) (Note 6)	-	-	-	-	(10,486)	100.00%	(2,765) (2) B. (Note 17)	(Note 13)	-
Goldmax Asia Pacific Ltd	Kornerstone Materials Technology Co. Ltd.	R&D, design and manufacture components of TFT-LCD	11,842,598 USD 385,564	(2) (Note 6)	-	-	-	-	(2,050,442)	3.35%	(30,188) (2) B.	99,257	-
Shan-Chih Asset International Holding Co.,Ltd	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	245,720 USD 8,000	(2) (Note 6)	245,720 USD 8,000	-	-	245,720 USD 8,000	3,348	100.00%	3,348 (2) B.	221,409	-
Chih Sheng Holding HK Limited	Wu-jiang Tatung Electronics Trading Co. LTD	Sales of appliances and electronic production	167,704 USD 5,460	(2) (Note 6)	167,704 USD 5,460	-	-	167,704 USD 5,460	(4,006)	100.00%	(4,006) (2) B.	(40,704)	-
Shan-Chih International Holding Co.	Tatung (Shanghai) Co.,Ltd	The manufacturing and sales of AC motor, DC motors, AC generators, diesel engine generators, variablespeed motors, inverters and PLCs, transformers, switchboards	721,803 USD 23,500	(2) (Note 6)	92,145 USD 3,000	-	-	92,145 USD 3,000	232,433	12.77%	29,682 (2) B.	120,813	-
	Tatung Compressors (ZHONGSHAN) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	349,844 USD 11,390	(2) (Note 6)	70,337 USD 2,290	-	-	70,337 USD 2,290	5,931	20.11%	1,193 (2) B.	86,785	-
Tatung (Shanghai) Co.,Ltd	Tatung Cranes (Shanghai) Co., Ltd	The manufacturing and sales of cranes	41,835 RMB 9,348	(2) (Note 6)	-	-	-	-	(8,436) RMB(1,885)	45.00%	(3,796) (2) B.	24,945 RMB 5,574	-
	Tatung Xinji (Guangdong) Technology Co., Ltd.	Electrical engineering system installation service	8,951 RMB 2,000	(2) (Note 6)	-	-	-	-	1,866 RMB 417	100.00%	1,866 (2) B.	10,817 RMB 2,417	-
Tatung Medical&Healthcare Technologies Inc.	Elite Oxygen And Healthcare Co., Ltd	Sales of Oxygen generator	3,072 USD 100	(2) (Note 6)	1,536 USD 50	1,536 USD 50	-	3,072 USD 100	(193)	100.00%	(193) (2) B.	1,591	-

Accumulated Investment in Mainland China as of	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment ((Note 9)
$5,734,143	$18,636,424	$18,555,547

Note 1: The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region. (Please specify the name of the company in third region).

(3) Is invested in the company through a third country to reinvest in Mainland China. In addition to the USD 8,000 thousand outward remittance from Taiwan to invest, the remaining amount was reinvested by mainland companies and third region investment company.

(4) Is invested in the company through a third country to reinvest in Mainland China. All funds was reinvested by earning of third sub-regional investment company.

(5) Reinvested by the surplus from a mainland company established through a third region.

(6) Other methods

Note 2: The investment income (loss) recognized in current period:

(1)Please specify if no investment income (loss) has been recognized as still in the preparation stage.

(2)The investment income (loss) were determined based on the following:

A.The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.

B.The financial statements certificated by the CPA of the parent company in Taiwan.

C.Others.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date.

US dollars exchange rate on December 31, 2018: 30.71500

RMB exchange rate on December 31, 2018: 4.47532

Note 4: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

Note 5: Reinvested through Forward Development Co., Ltd. by remitting the ivestment funding and equipment investment.

Note 6: Refer to the investment company name column for third region investment companies.

Note 7: Refer to Attachment 6 for investment percentages in all investees of the Company.

Note 8: Invested by Greater Power Limited, which is invested by GET through Ultra Energy Holding Limited and San Chih Semiconductor Co., Ltd..

Note 9: Calculated by the net worth of the consolidated financial statement of the Company.

Note 10: Chunghwa Picture Tubes, Ltd. invest in Mainland China through its subsidiary, Chunghwa Picture Tubes (Bermuda) Ltd. ,Chunghwa Picture Tubes Technology (Group) Co., Ltd. and Kornerstone Materials Technology Co. Ltd. etc, and the net income (loss) is calculated according to holding percentage of CPT Group.

Note 11: CPTF Optronics Co., Ltd., purchased 24.81% of shares of FVD from Forward Development Co., Ltd. on March 20, 2018. The cash consideration was NTD105,948 thousand and NTD22,496 thousand (USD733 thousand) was remitted.

Note 12: Tatung Wire And Cable Technology (Wujiang) Co., Ltd., has completed the liquidation procedures on September 28, 2018.

Note 13: CPT lost control of CPTTG and its subsidiaries in December 2018. The identifiable assets and liabilities were remeasured at fair value. Please refer to Note 6 for more details.

Note 14: Wujiang Shang Huah Plastic Co., Ltd., has completed the liquidation procedures in June 2018.

Note 15: The carrying value as of December 31, 2018 is calculated by the market value of RMB1.87 per share multiplied by holoding shares.

Note 16: The carrying value as of December 31, 2018 is calculated by 5% of the shares Chunghwa Picture Tubes (Bermuda) Ltd. held.

Note 17: Investment income (loss) recognized doesn't include loss from disposal of investment.

ATTACHMENT 10

Intercompany Relationships and Significant Intercompany Transactions

Individual transaction amounts less than $100 million will not be disclosed; instead they will be disclosed as other assets or liabilities and income or expense , while the relative transactions will not be disclosed

Number (Note 1)	Company Name	Counter Party	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Sales	$3,178,567	Note 7	5.17%
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Accounts receivable	1,540,571	-	1.11%
0	Tatung Co., Ltd	Green Energy Technology Inc. and its subsidiaries	1	Other receivable	1,330,440	-	0.96%
0	Tatung Co., Ltd	Tatung Co. of Japan, Inc.	1	Sales	595,738	Note 7	0.97%
0	Tatung Co., Ltd	Tatung Information Technology (Jiangsu) Co., Ltd.	1	Other receivable	540,816	-	0.39%
0	Tatung Co., Ltd	Shan-Chih Asset Development Co.	1	Other receivable	483,104	-	0.35%
0	Tatung Co., Ltd	Tatung Electric Company of America, Inc.	1	Sales	152,532	Note 7	0.25%
0	Tatung Co., Ltd	Tatung Forever Energy Co., Ltd.	1	Sales	115,776	Note 7	0.19%
0	Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd. and its subsidiaries	1	Other receivable	2,067,050	-	1.49%
1	Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd. and its subsidiaries	3	Sales	1,566,905	Note 7	2.55%
1	Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd. and its subsidiaries	3	Accounts receivable	1,306,100	-	0.94%
1	Tatung Co. of Japan, Inc.	Tatung Co., Ltd	2	Sales	447,115	Note 7	0.73%
2	Tatung System Technologies Inc. and its subsidiaries	Tatung Co., Ltd	2	Sales	183,231	Note 7	0.30%
2	Tatung System Technologies Inc. and its subsidiaries	Tatung Co., Ltd	2	Accounts receivable	153,263	-	0.11%
3	Tatung (Shanghai) Co.,Ltd	Tatung Co., Ltd	2	Sales	156,115	Note 7	0.25%
3	Tatung (Shanghai) Co.,Ltd	Tatung Co., Ltd	2	Purchases	144,757	Note 7	0.24%
3	Tatung (Shanghai) Co.,Ltd	Tatung Management Consultant (Shanghai) Co., Ltd.	3	Purchases	123,903	Note 7	0.20%
4	Shan-Chih Asset Development Co.	Tatung Co., Ltd	2	Sales	222,779	Note 7	0.36%
5	Tatung Consumer Products (Taiwan) Co., Ltd.	Tatung Co., Ltd	2	Sales	102,098	Note 7	0.17%
6	Toes Opto-Mechatronics Co.	Vibrant Display Technology CO., Ltd.	3	Sales	167,428	Note 7	0.27%
7	Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	3	Sales	351,433	Note 7	0.57%
7	Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	3	Accounts receivable	141,398	-	0.10%
7	Tatung Forever Energy Co., Ltd.	Tatung Co., Ltd	2	Purchases	173,289	Note 7	0.28%
8	Forward Electronics Co., Ltd. and its subsidiaries	CPTF Visual Display (Fuzhou) Ltd.	3	Sales	344,160	Note 7	0.56%
9	Tatung Co. of America Inc.	Tatung Co., Ltd	2	Sales	114,287	Note 7	0.19%
10	Gintung Energy Co., Ltd.	Tatung Co., Ltd	2	Sales	253,051	Note 7	0.41%

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

Note 2: Transactions are categorized as follows:
1 Parent company to subsidiary
2 Subsidiary to parent company
3 Subsidiary to subsidiary
4 Parent company to associates

Note 3: When calculating the percentage of transaction amount to the consolidated revenues or the consolidated assets: Items of the balance sheets are calculated as its ending balance to total consolidated assets; items of income statement are calculated by its cumulative balance to the total consolidated income.

TATUNG CO., LTD.

The details of cash and cash equivalents

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary		Amount	
			Subtotal	Total
Cash on hand				$1,384
Cash in banks				2,027,439
	NTD demand deposits and check deposits		1,960,435	
	Foreign demand deposits (Note)			
	USD	1,734	53,271	
	RMB	1,597	7,145	
	EUR	124	4,371	
	CHF	58	1,797	
	Others		420	
Petty cash				39,139
Time deposits				200
Cash in transit				7,944
Total				$2,076,106

Note: Exchange rates of foreign deposits are as follows:

Currency	Exchange rate
USD	30.7150
RMB	4.4753
EUR	35.2000
CHF	31.1850

TATUNG CO., LTD.

The details of financial assets at fair value through profit or loss, current

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instruments	Summary	Units	Par value	Total (nominal amount in thousands)	Interest rate	Fair value		Change in fair value attributable to change in credit risk	Note
						Unit price	Total		
Forward foreign exchange	BUY USD/SELL NTD			USD 26,950			$823	NA	Please refer to Note (6)
Swaps	BUY USD/SELL NTD			USD 8,000			1,200	"	
	Total						$2,023		

TATUNG CO., LTD.

The details of financial assets at fair value through other comprehensive income, current

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instruments	Summary	Shares/units	Par value	Total	Interest rate	Acquisition cost	Accumulated impairment	Fair value		Note
								Unit price	Total	
Stock	Taiwan Cogeneration Co.	7,082,920	-	-	-	$40,591	-	$25.05	$177,427	
	Taiwan Otis Elevator Co.	20,000	-	-	-	90,121	-	6,231.97	124,639	
	Tongya Telecommunication Industry Co., Ltd	19,800	-	-	-	8,000	-	1,926.76	38,150	
	United Electric Industry Co.Ltd	1,524,276	-	-	-	15,000	-	8.76	13,358	
	Rechi Precision Co., Ltd	831,761	-	-	-	7,360	-	24.25	20,170	
	Medigen Biotechnology Co.	370,000	-	-	-	3,700	-	45.05	16,669	
	Chi Yeh Chemical Co.	125,000	-	-	-	1,091	-	44.03	5,504	
	Scientific Pharmaceutical Elite Co.Ltd	600,000	-	-	-	9,000	-	4.86	2,917	
	Chung Hwa Trading Development Co.	49,984	-	-	-	500	-	10.00	500	
	Taiwan Sugar Co.,Ltd	1,391	-	-	-	1	-	49.45	69	
	Taiwan Power Company	2,104	-	-	-	14	-	6.70	14	
	Asia-Pacific Thechnology & Intellectual Property Service	140,000	-	-	-	4,860	-	-	-	
									$399,417	

TATUNG CO., LTD.

The details of financial assets at amortised cost, current

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name	Summary	Units	Par value	Total	Interest rate	Book value	Note
Pledged time deposit	-	-	-	-	-	$828,127	Construction guarantee
Time deposits	-	-	-	-	-	1,301	
Total						$829,428	

TATUNG CO., LTD.

The details of contract assets

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name of customers	Summary	Amount	Note
Non-related parties:			
CAF Taiwan Limited.		$21,983	
Continental Engineering Corporation		89,101	
Taiwan Power Company		58,302	
Taiwan Taoyuan District Court		10,896	
Others (Note)		17,197	
Subtotal		197,479	
Related parties:			
Others (Note)		10,321	
Total		$207,800	

Note: Amounts less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of Note receiables

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name of customers	Summary	Amount	Note
Non-related parties:			
Taiwan Power Company		$18,000	
Others (Note)		185,934	
Total		$203,934	

Note: Amounts less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of accounts receivable

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name of customers	Summary	Amounts	Note
Non-related parties:			
1. Accounst receivable			
Taiwan Power Company		$314,721	
VOYETRA TURTLE BEACH, INC		217,241	
Continental Engineering Corporation		175,681	
Others (Note)		1,237,500	
Subtotal		1,945,143	
Less: Loss allowance		(30,900)	
Net		1,914,243	
2. Accounts receivable from installment sales (The expected recovery)			
	108.01～108.12	148,796	
	109.01～109.12	121,655	
	Others	146,875	
	Subtotal	417,326	
	Less: Loss allowance	-	
	Less: Unearned finance income on finance lease	(5,753)	
	Net	411,573	
	Total	$2,325,816	
Related parties:			
Tatung Consumer Products (Taiwan) Co., Ltd.		$1,543,886	
Others (Note)		299,367	
Total		1,843,253	
Less: Loss allowance		(781)	
Less: allowance for sales returns and discounts		(3,315)	
Net		$1,839,157	

Note: Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of other receivables

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Non-related parties:			
Other receivables	PROVIEW	$1,179,632	
(including long-term receivables)	Taiwan Railways Administration	76,513	
	Others(Note)	21,458	
Total		1,277,603	
Less: Non-current portion (Reclassified as non-current assets)		(78,106)	
Less:Loss allowance		(1,179,632)	
Net		$19,865	
Related parties:			
Other receivables－related parties	Tatung Information Technology (Jiangsu) Co., Ltd.	$540,816	
(including long-term receivables－related parties)	Green Energy Technology Inc. (“GET”)	1,330,440	
	Shan-Chih Asset Development Co. (“SCAD”)	483,104	
	Chunghwa Picture Tubes, Ltd. (“CPT”)	2,067,050	
	Others(Note)	539,309	
Total		4,960,719	
Less: Non-current portion (Reclassified as non-current assets)		(3,951,987)	
Less: Loss allowance		(52,472)	
Net		$956,260	

Note: Amounts less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of inventories

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount: Costs	Amount: Net realizable value	Note
Raw materials		$763,017	$718,746	The market value of raw materials,work in progress and finished goods is net realizable value. Please refer to Note 4 (10) The accounting policies of inventory.
Work in progress and property under construction		2,258,159	2,133,873	
Finished good		1,728,154	1,649,783	
Inventories in transit		71,663	71,663	
Total		4,820,993	$4,574,065	
Less: Allowance for inventory valuation losses		(255,929)		
Net		$4,565,064		

TATUNG CO., LTD.

The details of prepayments

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Prepayments to suppliers		$122,052	
Prepayments to suppliers－related parties		286,029	
Net Input VAT		14,091	
Others		235,650	
Total		$657,822	

TATUNG CO., LTD.

The details of financial assets at fair value through other comprehensive income, non-current

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name	Beginning balance		Increase during the period		Decrease during the period		Adjustments for change in value	Ending balance		Assets pledged or collateral	Note
	Shares/units	Fair value	Shares/units	Amount	Shares/units	Amount		Shares/units	Fair value		
Stock											
Tatung Technology Inc.	1,027,056	$16,711	-	$-	-	$-	($1,687)	1,027,056	$15,024	None	
Chih Yi Health Co.Ltd	200,000	2,000	-	-	-	-	-	200,000	2,000	None	
Yi Chi Associated Trading Co.	30,000	300	-	-	-	-	-	30,000	300	None	
Total		$19,011		$-		$-	($1,687)		$17,324		

TATUNG CO., LTD.

The details of financial assets at amortised cost, non-current

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instruments	Summary	Units	Book value	Note
Reserve account	Financial institution	-	$357,761	

TATUNG CO., LTD.
The details of change in investments accounted for under the equity method
For the Years Ended December 31, 2018

Name	Beginning balance		Increase during the period(Note4)		Decrease during the period(Note5)		Ending balance			Market price/ Net equity		Assets were pledged as collateral
	Shares/units	Amount	Shares/units	Amount	Shares/units	Amount	Shares/units	Percentage of ownership (%)	Amount	Unit price	Total price	
Chunghwa Picture Tubes, Ltd. (“CPT”)	1,850,745,168	$2,314,310	-	$386,937	-	($5,679,453)	1,850,745,168	28.56%	($2,978,206)	$0.62	$1,147,462	None
San Chih Semiconductor Co., Ltd.(“SCSC”)	49,913,576	850,234	-	34,951	-	(973,845)	49,913,576	43.18%	(88,660)	5.98	298,483	(Note1)
Forward Electronics Co., Ltd. (“FD”)	18,955,623	688	-	280,072	-	(43,174)	18,955,623	12.05%	237,586	4.87	92,314	None
Tatung System Technologies Inc. (“TSTI”)	36,018,121	522,352	-	46,216	-	(58,749)	36,018,121	53.60%	509,819	16.90	608,706	None
Tatung Fine Chemicals Co., Ltd.	37,458,319	174,081	-	4,019	-	(121,215)	37,458,319	48.27%	56,885	2.57	96,268	None
Green Energy Technology Inc. (“GET”)	19,723,865	238,783	-	-	-	(323,261)	19,723,865	4.54%	(84,478)	2.63	51,874	None
Chih Sheng Investment Co., Ltd.	150,000,000	703,272	-	121,892	-	(806,021)	150,000,000	100.00%	19,143	(0.04)	(6,441)	None
Shan Chih Investment Co., Ltd.	77,627,119	652,346	-	5,189	-	(142,239)	77,627,119	95.83%	515,296	5.15	400,085	None
Chunghwa Electronics Development Co., Ltd.	262,626,267	1,086,881	18,000,000	325,219	-	(1,991,143)	280,626,267	93.68%	(579,043) (Note6)	(1.75)	(492,397)	(Note2)
Shan-Chih Asset Development Co. (“SCAD”)	5,220,064	45,563,632	-	49,056	-	(1,823,933)	5,220,064	100.00%	43,788,755	8,752.04	45,686,230	None
Taiwan Telecommunication Industry Company	675,000	(854,363)	-	-	-	(777)	675,000	100.00%	(855,140)	9.29	6,268	None
Tatung Information (Singapore) Pte. Ltd.	86,049,842	(23,095)	-	551	-	(33,380)	86,049,842	100.00%	(55,924)	(0.65)	(55,924)	None
Tatung Electric (Singapore) Pte. Ltd.	33,098,675	776,864	-	202,751	-	(17,400)	33,098,675	100.00%	962,215	29.07	962,215	None
Tatung Mexico S.A de C.V.	1,005,825	152,619	-	7,931	-	(7,022)	1,005,825	100.00%	153,528	96.12	96,680	None
Tatung Co. of Japan, Inc.	15,000	639,805	-	151,599	-	(134,003)	15,000	100.00%	657,401	43,826.74	657,401	None
Tatung Electronics (S) Pte. Ltd.	3,600,000	95,813	-	868	-	(13,556)	3,600,000	90.00%	83,125	23.09	83,125	None
Tatung (Thailand) Co., Ltd.	97,399,998	377,428	8,200,000	138,095	-	(136)	105,599,998	99.99%	515,387 (Note7)	4.88	515,568	None
Tatung Wire & Cable (Thailand) Co., Ltd.	6,810,000	74,462	-	3,954	6,810,000	(78,416)	-	-	- (Note7)	-	-	None
Tatung Vietnam Co. Ltd.	-	(247,512)	-	528,340	-	(280,828)	-	-	- (Note8)	-	-	None
Tatung Electric Technology (VN) Co., Ltd.	-	22,665	-	77	-	(22,742)	-	-	- (Note8)	-	-	None
Tatung Consumer Products (Taiwan) Co., Ltd.	49,650,000	(1,068,051)	-	15,581	-	(129,298)	49,650,000	99.10%	(1,181,768)	(22.82)	(1,132,896)	None
Toes Opto-Mechatronics Co.	17,000,000	68,615	-	-	-	(53,171)	17,000,000	85.00%	15,444	0.23	3,881	None
Tatung SM-Cycle Co.	6,400,000	165,730	-	43,944	-	(38,451)	6,400,000	85.33%	171,223	26.75	171,220	None
Tatung Die Casting Co.	153,000	51,797	-	9,039	-	(4,590)	153,000	51.00%	56,246	367.62	56,246	None
Tatung Medical Healthcare Technologies Co., Ltd. (SeQual Technologies. Co., Ltd. has Renamed Tatung Medical Healthcare Technologies Co., Ltd. in Jan.2013)	32,174,366	188,902	1,750,000	17,500	-	(37,431)	33,924,366	95.56%	168,971 (Note9)	4.98	168,971	None
Central Research Technology Co.	6,612,155	54,721	-	1,833	-	(6,678)	6,612,155	100.00%	49,876	7.54	49,876	None
TATUNG CZECH s.r.o.	-	8,791	-	111	-	(174)	-	100.00%	8,728	-	8,791	None
Absolute Alpha Limited.	50,000	20,240	-	260	-	-	50,000	100.00%	20,500	410.00	20,500	None
Tatung Co. of America Inc.	1,750,000	107,333	-	3,166	-	(15,748)	1,750,000	50.00%	94,751	54.50	95,378	None
Tatung Electric Company of America, Inc.	1,000,000	172,698	-	7,557	-	(5,253)	1,000,000	100.00%	175,002	184.87	184,875	None
Tatung Science and Technology, Inc.	6,872,000	7,435	-	242	-	(65)	6,872,000	100.00%	7,612	1.13	7,768	None
Elitegroup Computer Systems Co., Ltd.	152,475,397	3,789,505	-	8,931	-	(171,863)	152,475,397	27.35%	3,626,573	12.35	1,883,071	(Note3)
Tatung Okuma Co., Ltd.	8,428,000	1,184,201	-	125,175	-	(23,544)	8,428,000	49.00%	1,285,832	152.57	1,285,832	None
Kuender Co., Ltd.	10,336,000	80,458	-	-	-	(16,578)	10,336,000	50.00%	63,880	6.18	63,880	None
Hsieh-Chih Industrial Library Publishing Co.	242	955	-	17	-	-	242	6.91%	972	3,935.56	952	None
Chung-Tai Technology Development Engineering Co.	2,200,000	13,165	-	62	-	-	2,200,000	22.00%	13,227	6.01	13,227	None
Tatung Netherlands B.V.	11,030	(125,852)	-	-	-	(20,106)	11,030	100.00%	(145,958)	(100,497)	(1,108,480)	None
Tatung Forever Energy Co., Ltd.	25,623,000	257,710	22,935,308	229,353	-	(24,133)	48,558,308	97.12%	462,930 (Note10)	10	462,930	None
Taipei Industry Corporation	69	15	-	20	-	(1)	69	0.00%	34	561	39	None
Chunghwa Picture Tubes (Labuan) Ltd. (“CPTL”)	8,000,000	587,394	-	2,614	8,000,000	(590,008)	-	-	- (Note11)	-	-	None
Leap High Ltd.	195,000	471	68,250	3,059	-	(2,010)	263,250	65.00%	1,520	1.11	292	None
Tungyang Energy Co., Ltd.	15,000,000	149,678	-	-	-	(247)	15,000,000	100.00%	149,431	9.96	149,431	None
Shang Shin Energy Co., Ltd.	-	-	10,000	100	-	(30)	10,000	100.00%	70 (Note12)	14,993.19	149,932	None
Chih Kuang Energy Co., Ltd.	-	-	15,000,000	150,000	-	(68)	15,000,000	100.00%	149,932 (Note12)	0.00	70	None
Total		$58,837,176		$2,906,281		($13,690,740)			$48,052,717			

Assets－Deferred debit for investments accounted for under the equity method	$48,052,717
Liabilities－Deferred credit for investments accounted for under the equity method (Classified as other liabilities)	5,969,177
Net	$54,021,894

Note1: The 10,116,000 shares of San Chih Semiconductor Co., Ltd. held by the Company were pledged as collateral in the commodity tax lawsuit.
Note2: The 262,626,267 shares of Chunghwa Electronics Development Co., Ltd. held by the Company were pledged against bank loans.
Note 3: The 105,000,000 shares of Elitegroup Computer Systems Co., Ltd. held by the Company were pledged against bank loans.
Note 4: It includes issue of shares, recognition of investment income, exchange differences from translating the financial statements of a foreign operation and increase in equity of investee.
Note 5: It includes capital reduction, cash dividends received, recognition of investment loss, exchange differences from translating the financial statements of a foreign operation and decrease in equity of investee.
Note 6: Chunghwa Electronics Development Co., Ltd. held a capital injection in December 2018. The Company subscribed the shares based on the holding percentage, and thus the Company’s holding percentage increased to 93.68%.
Note 7: Tatung Wire & Cable (Thailand) Co., Ltd. has completed the liquidation procedures on June 13, 2018. Hence, the 7.77% of shares of Tatung (Thailand) Co., Ltd. held by Tatung Wire & Cable (Thailand) Co., Ltd. had returned to the Company. Therefore, the Company’s holding percentage of Tatung (Thailand) Co., Ltd. increased to 99.99%.
Note 8: The Company signed contract to sell stocks in the fourth quarter 2018, expecting to sell all of the stocks of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. Such transaction is expected to be completed within a year. The Company recognized assets and liabilities of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. as non-current assets and liabilities held for sale as at December 31, 2018 according to IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations.
Note 9: Tatung Medical Healthcare Technologies Co., Ltd. held a capital injection in July 2018. The Company subscribed to the shares proportionately and thus the Company’s holding percentage increased to 95.56%.
Note 10: Tatung Forever Energy Co., Ltd. held a capital injection, the Company didn’t subscribe to the shares in proportion to the holding percentage and thus the Company’s holding percentage decreased from 98.55% to 97.12%.
Note 11: Chunghwa Picture Tubes (Labuan) Ltd. has completed the liquidation procedures on December 23, 2018. Hence the Company’s holding percentage of the subsidiary decreased from 41.03% to 0%.
Note 12: To expand the solar energy business, in November 2018, the Company established Chih Kuang Energy Co., Ltd. and Shang Shin Energy Co., Ltd. with NTD150,000 thousand and NTD100 thousand, respectively.

TATUNG CO., LTD.

The details of change in property, plant and equipment

For the Years Ended December 31, 2018

Please refer to Note 6 (14) to financial statements for the description of property, plant and equipment.

TATUNG CO., LTD.

The details of change in accumulated depreciation,property, plant and equipment

For the Years Ended December 31, 2018

Please refer to Note 6 (14) to financial statements for the description of property, plant and equipment.

TATUNG CO., LTD.

The details of change in intangible assets

For the Years Ended December 31, 2018

Please refer to Note 6 (15) to financial statements for the description of intangible assets.

TATUNG CO., LTD.

The details of other non-current assets

As of December 31, 2018

Please refer to Note 6 (16) to financial statements for the description of other non-current assets .

TATUNG CO., LTD.

The details of short-term loans

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Category of loans	Ending balance	Loan term	Interest rates	Assets pledged as collateral	Note
Unsecured bank loans	$550,000	All within one year	1.76%~2.15%	None	
Secured bank loans	2,500,000	All within one year	1.63%~1.85%	Land,buildings and shares	
L/C loans	1,322,140	All within one year	1.00%~5.10%	None	
OA loans	213,752	All within one year	3.75%~4.72%	None	
Loans due to employees	15,804	All within one year	0.17%		
Total	$4,601,696				

TATUNG CO., LTD.

The details of short-term notes and bills payable

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Guarantors	Period of contract	Interest rates	Amount			Note
				Issued amount	Unamortized discount	Book value	
Short-term notes and bills payable	Mega Securities	107.12.11-108.01.10	0.75%	$100,000	$(18)	$99,982	
	O-Bank	107.12.21-108.01.18	1.00%	152,000	(71)	151,929	
				$252,000	($89)	$251,911	

TATUNG CO., LTD.

The details of accounst payable

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Name of suppliers	Summary	Amount	Note
Non-related parties:			
AMPACS Corporation		$182,743	
Synnex Technology International Corp.		196,725	
Others (Note)		2,448,495	
Total		$2,827,963	
Related parties:			
Elitegroup Computer Systems Co., Ltd.		$171,030	
Tatung System Technologies Inc. (“TSTI”)		133,376	
Tatung Information Technology (Jiangsu) Co., Ltd.		47,027	
Others (Note)		98,974	
Total		$450,407	

Note: Amounts less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of other payables

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Non-related parties:			
Wages and salaries payable (including year-end bonuses)		$362,331	
Payable on machinery and equipment		57,974	
Interest payable due to loans from banks and employees		76,193	
Employee benefits		57,559	
Others (Note)		458,185	
Total		$1,012,242	
Related parties:			
Tisnet Technology Inc.		$20,570	
Tatung System Technologies Inc. ("TSTI")		18,291	
Tatung Consumer Products (Taiwan) Co., Ltd.		15,756	
Tatung Forever Energy Co., Ltd.		9,442	
Elitegroup Computer Systems Co., Ltd.		6,248	
Others (Note)		10,206	
Total		$80,513	

Note：Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of provision, current

As of December 31, 2018

Please refer to Note 6 (25) to financial statements for the description of provision, current.

TATUNG CO., LTD.

The details of advanced receipts and other current liabilities

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Non-related parties：			
Receipts under custody		$25,772	
funds held in custody		329	
Advanced receipts		100,181	
Subtotal		126,282	

TATUNG CO., LTD.

The details of long-term loans

As of December 31, 2018

Please refer to Note 6 (23) to financial statements for the description of long-term loans.

TATUNG CO., LTD.

Long-term notes and accounts receivable

As of December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Taoyuan Branch, National Taxation Bureau of the Northern Area, Ministry of Finance	Commodity tax	$23,526	

TATUNG CO., LTD.

The details of net operating revenue

For the Years Ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Quantity	Amount	Note
Electromechanical Energy Business Dept	It includes industrial appliances, metal processing machinery, motors and information energy products and so on.	(Note)	$12,756,724	
Consumer products Dept	It includes 3C and household appliances.	(Note)	6,371,222	
Others		(Note)	10,542	
Total			$19,138,488	

Note：It is hard to classify statistically because of the the variety of products.

TATUNG CO., LTD.

The details of operating costs

For the Years Ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Amount		Note
	Subtotal	Total	
Direct material			
Beginnig inventory	$754,137		
Purchase during the period	9,140,911		
Ending material	(834,680)		
Reclassified as equipments and expense, etc.	(150,417)		
	8,909,951		
Direct labor	399,947		
Manufacting expenses	1,348,795		
Manufacting costs		$10,658,693	
Add:Beginning work in progress	2,020,503		
Purchase during the period	323,291		
Others	147,760	2,491,554	
Less:Ending work in progress	(2,258,159)		
Disposal	(2,080)	(2,260,239)	
Cost of finished goods		10,890,008	
Add:Beginnig finished goods	1,413,006		
Purchase during the period	5,621,536		
Others	40,088	7,074,630	
Less:Ending finished goods	(1,728,154)		
Reclassified as equipments and expense, etc.	(158,247)	(1,886,401)	
Total in cost of goods sold		16,078,237	
Other operation costs		$631,650	
Rent expense		367,790	
Loss on valuation of inventories		(3,206)	
Total of operationg costs		$17,074,471	

TATUNG CO., LTD.

The details of manufacturing expenses

For the Years Ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Wages and salaries		$526,881	
Depreciations		309,373	
Utilities expense		123,154	
Material used		126,715	
Rent expense		114,632	
Other expenses(Note)		148,040	
Total		$1,348,795	

Note：Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of sales and marketing expenses

For the Years Ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Wages and salaries		$631,605	
Customer service expenses		97,390	
Advertisement expense		91,820	
Commodity tax		81,391	
Insurance expense		64,243	
Other expenses (Note)		159,389	
Total		$1,125,838	

Note：Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of administrative expenses

For the Years Ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Wages and salaries		$218,147	
Service expense		171,528	
Office expense		94,065	
Rent expense		89,887	
Other expenses(Note)		124,638	
Total		$698,265	

Note：Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of research and development expenses

For the Years Ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Contents	Summary	Amount	Note
Wages and salaries		$338,369	
Material used in research and development		64,918	
Depreciations		40,971	
Commissioned research expense		40,448	
Other expenses (Note)		157,340	
Total		$642,046	

Note：Amount less than 5% will be disclosed aggregately.

TATUNG CO., LTD.

The details of non-operating income and expense

For the Years Ended December 31, 2018

Please refer to Note 6 (31) to financial statements for the description of non-operating income and expense.