

**TATUNG CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**December 31, 2019 AND 2018**

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

## **REPRESENTATION LETTER**

The subsidiaries included in the consolidated financial statements as of December 31, 2019 and for the year then ended prepared under the International Financial Reporting Standard No. 10 (referred to as “Consolidated Financial Statements”) are the same as the affiliated entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (referred to as “Combined Financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours,

Tatung Co., Ltd.

Chairman: Wen-Yen K. Lin

March 12, 2020

## **Independent Auditors' Report**

### English Translation of a Report Originally Issued in Chinese

The Board of Directors and Shareholders  
Tatung Co., Ltd.

#### **Opinion**

We have audited the accompanying consolidated balance sheets of Tatung Co., Ltd. (“the Company”) and its subsidiaries (“the Group”) as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated 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 Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and their consolidated financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, No.1090360805 letter issued by the Financial Supervisory Commission on 25 February 2020, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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** – Certain subsidiaries prepared financial statements using liquidation assumption

As mentioned in Note 4(2) to the consolidated financial statements, Chunghwa Picture Tubes, Ltd. (“CPT”), a subsidiary of the Group, resolved at its board meeting on September 18, 2019 to file bankruptcy to the court. Since the management’s intention to discontinue operation was clear, CPT prepared the consolidated financial statements of CPT and its subsidiaries as at December 31, 2019 using liquidation assumption. Our conclusion is not modified in respect of this matter.

**Emphasis of Matter**–Derecognition of certain subsidiaries

As mentioned in Note 4(2) and Note 6(33) in the consolidated financial statements, Green Energy Technology Co., Ltd. (“GET”), was resolved for dissolution and liquidation by the provisional shareholders’ meeting on August 30, 2019. As the Group lost control of GET and its subsidiaries, the consolidated financial statements derecognized the assets and liabilities of GET and its subsidiaries and recognized the profits (losses) of derecognition. Our conclusion is not modified in respect of this matter.

**Emphasis of Matter** – Application of New Accounting Standards

As stated in Note 3 to the consolidated financial statements, the Company and its subsidiaries applied the International Financial Reporting Standard 16, “Leases” starting from January 1, 2019, and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2019 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue Recognition

The Group recognized net sales in the amount of NT\$ 35,423,015 thousand in 2019. The Company and its subsidiaries operated in various industries and the sales amount was relatively large. The sales terms varied accordingly, that the appropriateness of timing of revenue recognition on 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.

Please refer to Notes 4, 5 and 6 to the consolidated financial statements for the disclosure of the matter of operating revenues.

## 2. Contingent liabilities

Chunghwa Picture Tubes Technology (Group) Co., Ltd. (“CPTTG”) 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. On March 28, 2019, CPTTG filed an action against Tatung Co., Ltd. and CPT, which are liable for joint liabilities, and increased the amount of claim to RMB 3.029 billion on May 10, 2019. The Company and CPT claimed that the amount mentioned above could possibly be solved by litigation proceedings. 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 Group could not recognize the liability. The assertion involved significant judgement 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 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 judgement and assessment.

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

## 3. Assessment of fair value of investment property

Investment property of the Group constituted 24% of consolidated total assets as of December 31, 2019. The amount is material to the consolidated financial statements. Also, the investment property is valued at fair value. The measurement involves material professional judgement, estimates and assumptions. Hence, when such judgement estimates and assumptions are changed, the fair value of the investment property will be affected. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, evaluating the objectivity, proficiency and reputation of the external real estate appraiser to confirm its reliability; examining the fair value assessment report with the assistance from the internal expert to understand the assessment methodology and assumptions; evaluating the relevance and reliability of the information source and significant parameters such as rate of return and discount rate in the assessment report; discussing with the appraiser about the professional judgement difference; confirming the reasonableness; making inquiries and recalculations to verify the correctness of the recorded amount.

Please refer to Notes 4, 5 and 6 to the consolidated financial statements for the disclosure of investment property measured at fair value of the Group.

#### 4. Non-financial Assets Impairment

As of December 31, 2019, the net value of property, plant and equipment accounted for 29% of the total consolidated asset of the Group, which is deemed material to the consolidated financial statements of the Group. The Company and its subsidiaries operated diversification business model, therefore some of the products experienced larger market fluctuation and adverse changes, which indicated a possibility of impairment of property, plant and equipment as of December 31, 2019. 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 Group 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 Group appointed 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 important parameters, such as discount rate used when assessing possibility of impairment of property, plant and equipment.

Please refer to Notes 4, 5 and 6 to the consolidated financial statements for the disclosure of assets impairment assessment of the Group.

#### 5. The Judgement of Consolidated Entities

According to IFRS 10, an investor is the parent company of the investee when the investor has control over the investee regardless of how the investor participates in the investment. Since the Group holds less than 50% of the shares of some consolidated entities, and the judgment of whether the Company has control over the consolidated entities would directly affect the consolidated financial statements, we considered this a key audit matter.

Our audit procedures included, but not limited to, obtaining the group structure chart; investigating changes in group structure; inspecting the comprehensive shareholding percentage of each consolidated entity; analyzing the composition of the board of directors and management, the changes of board members over the years, shareholding percentages of the top ten shareholders, attendance rate in shareholders meetings, and related investment contracts to confirm whether the Company has identified all the consolidated entities and the appropriateness of the Company's evaluation of the control over its consolidated entities.

Please refer to Note 4,5 and 6 to the consolidated financial statements for the consolidation status of the Group as of December 31, 2019.

### **Other Matter – Making Reference to the Audits of Component Auditors**

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflected total assets in the amount of NT\$2,347,883 thousand and NT\$2,748,141 thousand, constituting 2% and 2% of consolidated total assets as of December 31, 2019 and 2018, respectively; and total operating revenues in the amount of NT\$2,035,476 thousand and NT\$2,414,439 thousand, constituting 6% and 4% of consolidated operating revenues for the years ended December 31 2019 and 2018, respectively. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. The investment in these associates and joint ventures under equity method amounted to NT\$3,585,213 thousand and NT\$3,626,573 thousand, accounting for 3% and 3% of consolidated total assets as of December 31, 2019 and 2018, respectively. The related shares of profits (losses) recognized from the associates and joint ventures under the equity method amounted to NT\$(12,009) thousand and NT\$2,857 thousand, accounting for 0% and 0% of the consolidated net income (loss) before tax for the years ended December 31 2019 and 2018, respectively; and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(37,900) thousand and NT\$(16,607) thousand, accounting for (595)% and 2% of the consolidated other comprehensive income, net, for the years ended December 31, 2019 and 2018, respectively.

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

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

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

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

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

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

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

1. Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, and forming the group audit opinion.

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

## **Other**

We have audited and expressed an unqualified opinion including emphasis matters paragraph and other matters paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2019 and 2018.

Su-Wen Lin

Hsuan-Hsuan Wang

Ernst & Young, Taiwan  
March 25, 2020

### Notice to Readers

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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

As of December 31, 2019 and December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets Contents	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Current assets				
Cash and cash equivalents	\$10,329,641	9	\$8,973,572	7
Financial assets at fair value through profit or loss, current	875,094	1	1,072,227	1
Financial assets at fair value through other comprehensive income, current	343,563	-	399,417	-
Financial assets at amortised cost, current	3,587,887	3	3,074,450	2
Contract assets, current	330,572	-	263,901	-
Notes receivable, net	230,735	-	464,015	-
Accounts receivable, net	4,024,166	4	6,269,170	5
Accounts receivable - related parties, net	922,222	1	1,107,517	1
Operating lease receivables, net	11,596	-	-	-
Finance lease receivable, net	372,643	-	-	-
Other receivables	986,212	1	1,379,791	1
Other receivables - related parties	480,680	-	341,430	-
Current tax assets	45,490	-	22,042	-
Inventories	16,108,697	14	18,797,871	14
Prepayments	1,065,053	1	1,795,383	1
Non-current assets held for sale, net	332,282	-	340,010	-
Other current assets	68,014	-	251,703	-
Assets recognised as incremental costs to obtain contract with customers, current	279,209	-	438,520	-
Total current assets	<u>40,393,756</u>	<u>34</u>	<u>44,991,019</u>	<u>32</u>
Non-current assets				
Financial assets at fair value through other comprehensive income, non-current	6,347,566	5	6,892,824	5
Financial assets at amortised cost, non-current	617,509	1	584,623	-
Investments accounted for under the equity method	5,374,065	4	5,052,777	4
Contract assets, non-current	20,258	-	27,099	-
Property, plant and equipment	33,951,654	29	49,536,425	36
Right-of-use asset	1,365,363	1	-	-
Investment property, net	28,157,028	24	27,310,622	20
Intangible assets	60,798	-	91,198	-
Deferred tax assets	907,349	1	1,006,206	1
Other non-current assets	1,678,801	1	3,545,416	2
Long-term receivable	87,853	-	123,705	-
Long-term Finance lease receivable, net	29,317	-	-	-
Total non-current assets	<u>78,597,561</u>	<u>66</u>	<u>94,170,895</u>	<u>68</u>
Total assets	<u>\$118,991,317</u>	<u>100</u>	<u>\$139,161,914</u>	<u>100</u>

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
As of December 31, 2019 and December 31, 2018  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity Contents	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
Current liabilities				
Short-term loans	\$5,550,814	5	\$14,061,357	10
Short-term notes and bills payable	565,352	-	441,907	-
Financial liabilities at fair value through profit or loss, current	2,808	-	-	-
Contract liabilities, current	3,217,695	3	2,789,008	2
Notes payable	43,087	-	109,073	-
Accounts payable	7,412,121	6	10,687,115	8
Accounts payable - related parties	12,878,534	11	13,202,337	9
Other payables	6,656,229	6	7,747,349	6
Other payables - related parties	576,255	-	118,468	-
Current tax liabilities	26,723	-	96,866	-
Provision, current	246,451	-	178,701	-
Liabilities related to non-current assets classified as held for sale	5,639	-	5,770	-
Lease liability, current	338,920	-	-	-
Advanced receipts	1,422,387	1	892,317	1
Deferred revenue	18,804	-	49,794	-
Current portion of long-term loans	15,228,243	13	17,392,263	13
Other current liabilities - others	637,669	-	595,381	-
Total current liabilities	54,827,731	45	68,367,706	49
Non-current liabilities				
Contract liabilities, non-current	-	-	55,670	-
Long-term loans	25,712,597	23	29,375,851	21
Provision, non-current	1,289,140	1	1,819,521	2
Deferred tax liabilities	6,236,497	5	6,720,090	5
Lease liability, non-current	1,126,621	1	-	-
Long-term payables	41,351	-	87,800	-
Long-term deferred revenue	58,703	-	71,699	-
Net defined benefit liability	895,824	1	1,597,662	1
Guarantee deposits	125,498	-	116,534	-
Deferred credit for investments accounted for under the equity method	19,970	-	19,970	-
Other non-current liabilities - others	1,479	-	3,500	-
Total non-current liabilities	35,507,680	31	39,868,297	29
Total liabilities	90,335,411	76	108,236,003	78
Equity attributable to shareholders of the parent				
Capital stock				
Common stock	23,395,367	19	23,395,367	17
Capital reserve	3,363,085	3	3,283,032	2
Retained earnings				
Legal reserve	36,354	-	36,354	-
Special reserve	7,738,019	7	18,327,409	13
Unappropriated earnings (accumulated deficit)	2,559,762	2	(10,243,598)	(7)
Total retained earnings	10,334,135	9	8,120,165	6
Other equities				
Exchange differences on translation of foreign operations	(779,340)	-	(756,437)	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	76,182	-	141,063	-
Revaluation surplus of real estate	266,779	-	-	-
Equity related to non-current assets classified as held for sale	30,954	-	30,954	-
Total other equities	(405,425)	-	(584,420)	-
Treasury stock	(30,854)	-	(1,214,021)	(1)
Equity attributable to shareholders of the parent	36,656,308	31	33,000,123	24
Non-controlling interests	(8,000,402)	(7)	(2,074,212)	(2)
Total equity	28,655,906	24	30,925,911	22
Total liabilities and equity	\$118,991,317	100	\$139,161,914	100

TATUNG CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	For the years ended December 31			
	2019		2018	
	Amount	%	Amount	%
Operating revenues	\$35,830,085	101	\$61,484,530	101
Less: Sales returns	(182,710)	-	(467,993)	(1)
Less: Sales allowances	(224,360)	(1)	(393,812)	-
Net operating revenues	35,423,015	100	60,622,725	100
Operating costs	(33,066,078)	(94)	(63,084,519)	(104)
Gross profit (loss)	2,356,937	6	(2,461,794)	(4)
Operating expenses				
Sales and marketing	(3,133,910)	(9)	(3,819,556)	(6)
General and administrative	(3,385,803)	(9)	(4,688,466)	(8)
Research and development	(1,483,581)	(4)	(4,232,937)	(7)
Expected credit losses	(613,024)	(2)	(321,230)	(1)
Subtotal	(8,616,318)	(24)	(13,062,189)	(22)
Net other income and expense	(5,934)	-	40,856	-
Operating loss	(6,265,315)	(18)	(15,483,127)	(26)
Non-operating income and expenses				
Other income	1,511,779	4	2,109,224	3
Other gains and (losses)	(1,535,059)	(4)	(14,627,129)	(24)
Finance costs	(2,639,818)	(7)	(3,961,963)	(7)
Expected credit (losses) gains	(87,973)	-	16,811	-
Share of profit (losses) of associates and joint ventures accounted for using equity method	136,421	-	108,159	-
Subtotal	(2,614,650)	(7)	(16,354,898)	(28)
Loss before income tax	(8,879,965)	(25)	(31,838,025)	(54)
Income tax expense	(275,496)	(1)	(1,454,883)	(2)
Net Loss	(9,155,461)	(26)	(33,292,908)	(56)
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	(25,812)	-	49,091	-
Revaluation surplus of real estate	278,767	-	-	-
Unrealized gains or losses from equity instruments investments measured at fair value through other comprehensive income	(101,622)	-	(283,446)	-
Share of other comprehensive income of associates and joint ventures which will not be reclassified subsequently to profit or loss	3,008	-	2,439	-
Income tax related to items that will not to be reclassified subsequently	(11,488)	-	(416,246)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(102,590)	-	220,482	-
Equity related to non-current assets classified as held for sale	-	-	30,955	-
Share of other comprehensive income (loss) of associates and joint ventures which may be reclassified subsequently to profit or loss	(41,835)	-	(21,561)	-
Income tax related to items that may be reclassified subsequently	7,940	-	(369,271)	(1)
Total other comprehensive income (loss) , net of income tax	6,368	-	(787,557)	(2)
Total comprehensive income (loss)	<u>\$(9,149,093)</u>	<u>(26)</u>	<u>\$(34,080,465)</u>	<u>(58)</u>
Net income (loss) attributable to:				
Shareholders of the parent	\$2,875,879		\$10,642,906	
Non-controlling interests	(12,031,340)		(22,650,002)	
	<u>\$(9,155,461)</u>		<u>\$(33,292,908)</u>	
Total comprehensive income (loss) attributable to:				
Shareholders of the parent	\$3,288,201		\$10,741,961	
Non-controlling interests	(12,437,294)		(23,338,504)	
	<u>\$(9,149,093)</u>		<u>\$(34,080,465)</u>	
Earnings (loss) per share				
Basic earnings (loss) per share (NT\$)	<u>\$1.24</u>		<u>\$(4.75)</u>	
Diluted earnings (loss) per share (NT\$)	<u>\$1.24</u>		<u>\$(4.75)</u>	

TATUNG CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars)

Contents	Equity Attributable to Equity Holders of the Parent											Non-controlling Interests	Total Equity	
	Common Stock	Capital Reserve	Retained Earnings				Other Capital Reserves				Treasury Stock			Total
			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of Foreign Operations	Gain or Loss from Investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income	Revaluation Surplus of Real Estate	Equity Related to Non-current Assets Classified as Held for Sale					
Balance 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	\$55,738,737	\$98,941,090	
Special reserve appropriated (Securities & Futures Bureau, Financial Supervisory Commission Letter No.1030006415)	-	-	-	13,855,398	(13,855,398)	-	-	-	-	-	-	-	-	
Special reserve used to offset accumulated deficits	-	-	-	(281,015)	281,015	-	-	-	-	-	-	-	-	
Net loss in 2018	-	-	-	-	(10,642,906)	-	-	-	-	-	(10,642,906)	(22,650,002)	(33,292,908)	
Other comprehensive (loss) income in 2018	-	-	-	-	(35,631)	342,240	(436,618)	-	30,954	-	(99,055)	(688,502)	(787,557)	
Total comprehensive (loss) income	-	-	-	-	(10,678,537)	342,240	(436,618)	-	30,954	-	(10,741,961)	(23,338,504)	(34,080,465)	
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	(34,778,121)	(34,778,121)	
Subsidiary disposal of parent company shares is treated as treasury shares	-	115,169	-	-	-	-	-	-	-	415,878	531,047	827,784	1,358,831	
Acquisition or disposal of subsidiaries' shares	-	-	-	-	-	-	-	-	-	-	-	(106,090)	(106,090)	
Changes in ownership interests in subsidiaries	-	(105,642)	-	-	114,326	-	-	-	-	-	8,684	524,705	533,389	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(942,723)	(942,723)	
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	\$(2,074,212)	\$30,925,911	
Balance as of January 1, 2019	\$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	\$(2,074,212)	\$30,925,911	
Special reserve used to offset accumulated deficits	-	-	-	(10,243,598)	10,243,598	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(345,792)	345,792	-	-	-	-	-	-	-	-	
Net loss in 2019	-	-	-	-	2,875,879	-	-	-	-	-	2,875,879	(12,031,340)	(9,155,461)	
Other comprehensive (loss) income in 2019	-	-	-	-	(26,842)	(22,903)	195,288	266,779	-	-	412,322	(405,954)	6,368	
Total comprehensive (loss) income	-	-	-	-	2,849,037	(22,903)	195,288	266,779	-	-	3,288,201	(12,437,294)	(9,149,093)	
Subsidiary disposal of parent company shares is treated as treasury shares	-	-	-	-	(762,403)	-	-	-	-	1,183,167	420,764	762,403	1,183,167	
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	5,454,830	5,454,830	
Changes in ownership interests in subsidiaries	-	80,053	-	-	(132,833)	-	-	-	-	-	(52,780)	315,027	262,247	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(21,156)	(21,156)	
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	260,169	-	(260,169)	-	-	-	-	-	-	
Balance as of December 31, 2019	\$23,395,367	\$3,363,085	\$36,354	\$7,738,019	\$2,559,762	\$(779,340)	\$76,182	\$266,779	\$30,954	\$(30,854)	\$36,656,308	\$(8,000,402)	\$28,655,906	

TATUNG CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the year ended December 31		Contents	For the year ended December 31	
	2019	2018		2019	2018
	Amount	Amount		Amount	Amount
Cash flows from operating activities:			Cash flows from investing activities :		
Net loss before income tax	\$(8,879,965)	\$(31,838,025)	Disposal of financial assets at fair value through other comprehensive income	313,076	84,024
Adjustments to reconcile consolidated net (loss) income to net cash generated from operating activities:			Acquisition of financial assets at amortised cost	(7,160,332)	(18,008,330)
Depreciation expense	3,715,403	8,899,090	Disposal of financial assets at amortised cost	6,602,273	31,178,829
Amortization expense	53,523	303,886	Acquisition of investments accounted for using equity method	(5,000)	(2,562)
Expected credit losses	700,997	304,419	Proceeds from disposal of subsidiaries	181,373	-
Net gain from financial asset or liability at fair value through profit or loss	(4,495)	(117,946)	Cash refund capital reduction of investments accounted for under the equity method	12,000	-
Interest expense	2,639,818	3,961,963	Disposal of non-current assets held for sale	-	(266,408)
Interest income	(90,388)	(636,996)	Acquisition of property, plant and equipment	(2,138,433)	(8,206,242)
Dividend income	(56,166)	(80,193)	Disposal of property, plant and equipment	12,536,340	348,639
Share of profit of associates and joint ventures	(136,421)	(108,159)	Increase in receipts in advance due to disposal of assets	488,718	100,168
Gain on disposal of property, plant and equipment	(9,236,597)	(189,315)	Acquisition of intangible assets	(40,332)	(123,256)
Property, plant and equipment of the transfer of expenses	84,348	146,977	Disposal of intangible assets	(29,597)	273
Gain on disposal of non-current assets held for sale	-	(13,535)	Acquisition of investment property	-	(9,134)
(Gain) Loss on disposal of investments	(288,896)	6,531,542	Decrease in long-term receivable	35,852	9,085
Impairment loss on non-financial assets	9,952,036	3,130,444	Increase in other non-current asset	(4,265)	(3,383,621)
Gain on fair value adjustment of investment property	(308,972)	(504,596)	Income taxes paid	(515,902)	-
Loss from lease modification	5,934	-	Other investment activities	(96,321)	(11,438,962)
Other adjustments (Onerous contract)	-	1,493,397	Net cash provided by (used in) investing activities	10,179,450	(9,717,497)
Changes in assets and liabilities from operating activities:					
Contract assets	(59,830)	(36,535)	Cash flows from financing activities :		
Notes receivable	220,069	68,603	Increase in short-term loans	17,682,709	50,983,513
Accounts receivable	1,566,361	335,039	Decrease in short-term loans	(24,704,371)	(51,442,206)
Accounts receivable - related parties	109,546	(1,032,979)	Increase in short-term notes and bills payable	854,825	1,943,220
Other receivables	(8,961)	(515,850)	Decrease in short-term notes and bills payable	(731,380)	(4,080,777)
Other receivables - related parties	(139,250)	-	Proceeds from long-term loans	5,089,286	31,878,269
Inventories	2,923,895	(1,175,312)	Repayment of long-term loans	(8,322,934)	(28,135,698)
Prepayments	281,855	(381,627)	Increase (Decrease) in guarantee deposits	8,964	(14,601)
Other current assets	331,271	179,530	Decrease in long-term payables	(46,449)	(893)
Finance lease receivable	(372,643)	-	Proceeds from sale of treasury shares	1,120,013	1,238,244
Operating lease receivable	(11,596)	-	Payments of lease liabilities	(403,704)	-
Financial assets at fair value through profit or loss	153,131	(274,455)	Change in non-controlling interests	(21,156)	(1,359,533)
Other non-current assets	(139,069)	(354,961)	Net cash (used in) provided by financing activities	(9,474,197)	1,009,538
Long-term Finance lease receivable	(29,317)	-			
Contract liabilities	692,721	576,753	Effect of exchange rate changes on cash and cash equivalents	(178,875)	56,732
Notes payable	163,235	(1,926,014)	Net increase (decrease) in cash and cash equivalents	1,356,069	(23,006,704)
Accounts payable	(1,273,615)	928,568	Cash and cash equivalents, beginning of periods	8,973,572	31,980,276
Accounts payable - related parties	(323,934)	1,117,114	Cash and cash equivalents, end of periods	\$10,329,641	\$8,973,572
Other payables	1,396,425	2,081,766			
Provision	(307,388)	51,751			
Advanced receipts	41,352	43,682			
Other current liabilities - others	78,004	(1,098,647)			
Net defined benefit liability	(731,378)	(889,983)			
Long-term deferred revenue	(43,986)	268,445			
Other non-current liabilities	(2,021)	(12,127)			
Cash provided by (used in) operations	2,665,036	(10,764,286)			
Interest received	88,568	845,956			
Dividend received	78,702	256,213			
Interest paid	(1,767,094)	(4,032,375)			
Income taxes paid	(235,521)	(660,985)			
Net cash provided by (used in) operating activities	829,691	(14,355,477)			

TATUNG CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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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 thousand. As of December 31, 2019, 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, service maintenance, import and export as 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.

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The investment plans should be approved by the Board of Directors; however, the total 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 locate 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 consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended December 31, 2019 and 2018 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 12, 2020.

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2019. The nature and the impact of each new standard and amendment that has a material effect on the Group is described below:

(I) *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 Group followed the transition provision in IFRS 16 and the date of initial application was January 1, 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

A. Please refer to Note 4 for the accounting policies before or after 1 January, 2019.



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- B. For the definition of a lease, the Group elected not to reassess whether a contract was, or contained, a lease on January 1, 2019. The Group was 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. That is, for contracts entered into (or changed) on or after January 1, 2019, the Group need to assess whether contracts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assessed most of the contracts are, or contain, leases and has no significant impact arose.
- C. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, on January 1, 2019, the Group recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance at the date of initial application.

(a) Leases previously classified as operating leases

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

On January 1, 2019, the Group's right-of-use asset and lease liability increased by NTD2,088,710 thousand and NTD1,812,646 thousand, respectively.

Besides, on January 1, 2019, for leases that were previously classified as operating leases applying IAS 17 and those who have paid the rent in full, the Group reclassified the long-term rental prepayment of NTD276,064 thousand to the right-of-use asset.

In accordance with the transition provision in IFRS 16, the Group used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

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- i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- ii. Rely on its assessment of whether leases are onerous immediately before January 1, 2019 as an alternative to performing an impairment review.
- iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of January 1, 2019.
- iv. Exclude initial direct costs from the measurement of the right-of-use asset on January 1, 2019.
- v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(b) Leases previously classified as finance leases

For leases that were previously classified as finance leases applying IAS 17, the Group reclassified the lease asset of NTD254,812 thousand and the lease payable of NTD121,170 thousand as measured by IAS 17 to the right-of-use asset of NTD254,812 thousand and the lease liability of NTD121,170 thousand, respectively, on January 1, 2019.

(c) Please refer to Note 4 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(d) As at January 1, 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

- i. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on January 1, 2019 was 0.97% to 3.37%.
- ii. The explanation for the difference of operating lease commitments disclosed applying IAS 17 as at December 31, 2018, discounted using the incremental borrowing rate on January 1, 2019; lease liabilities recognized in the balance sheet as at January 1, 2019, is summarized as follows:

Operating lease commitments disclosed applying IAS 17 as at December 31, 2018	\$1,575,614
Less: adjustment to leases that meet and elect to account in the same way as short-term leases.	(8,607)
Add: adjustments to the options to extend or terminate the lease that is reasonably certain to exercise	<u>613,898</u>
Subtotal	<u>2,180,905</u>
Discounted using the incremental borrowing rate on January 1, 2019	1,812,646
Add: the carrying value of lease payables as at December 31, 2018	<u>121,170</u>
The carrying value of lease liabilities recognized as at January 1, 2019	<u><u>\$1,933,816</u></u>

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D. The Group is a lessor:

(a) Recognized as operating lease

On January 1, 2019, for leases that were previously classified as operating leases applying IAS 17 and the Group recognized invoiced items of operating lease as account receivables. After adopting IFRS 16, the Group reclassified account receivables in the amount of NTD11,596 thousand to operating lease receivables on December 31, 2019.

(b) Recognized as finance lease

On January 1, 2019, for leases that were previously classified as finance leases applying IAS 17 and the Group recognized rest of lease term of finance lease as lease receivables. After adopting IFRS 16, the Group reclassified lease receivables and long-term lease receivables NTD372,643 thousand and NTD29,317 thousand to finance lease receivable and long-term Finance lease receivable, respectively, on December 31, 2019.

(c) The Group is a lessor and has not made any adjustments of IFRS 16. Please refer to Note 4, Note 5 and Note 6 for the information relating to the lessor

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Definition of a Business - Amendments to IFRS 3	January 1, 2020
b	Definition of Material - Amendments to IAS 1 and 8	January 1, 2020
c	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020

(a) 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.

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(b) 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.

(c) Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

(1) highly probable requirement

When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.

(2) prospective assessments

When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.

(3) IAS 39 retrospective assessment

An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.

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(4) separately identifiable risk components

For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exception's requirements and the related disclosures requirements of the amendments.

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 1 January, 2020. These standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2022

(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. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

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(b) IFRS 17 Insurance Contracts

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

- (1) estimates of future cash flows;
- (2) 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
- (3) a risk adjustment for non-financial risk.

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

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

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

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

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC. While certain subsidiaries prepared financial statements using liquidation assumption at December 31, 2019.

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(2) Basis of preparation

During the reporting period, due to changes in the industry structure, Green Energy Technology Co., Ltd. (“GET”) was unable to generate positive operating cash flow and continued to suffer loss. GET was resolved for dissolution and liquidation by the meeting of the board of directors on July 15, 2019 and by the provisional meeting of shareholders’ on August 30, 2019. The entity was dissolved and liquidated according to law and selected the liquidator on the same day following the shareholders’ meeting held on August 30, 2019. As the Group lost control of GET and its subsidiaries, GET and the subsidiaries were no longer consolidated in the financial statements. The Group has recognized the gain (loss) on the disposal of the subsidiaries. Please refer to Note 6 (33).

During the reporting period, many creditors of Chunghwa Picture Tubes, Ltd. (“CPT”) and its subsidiaries filed to the court for compulsory enforcement of their assets, thus CPT could not continue its production and operation. CPT’s board meeting resolved to file bankruptcy to the court on September 18, 2019. After the court issues a ruling, CPT will proceed with the bankruptcy and liquidation procedures accordingly. CPT and its subsidiaries prepared financial statements using liquidation assumption.

As mentioned in Note 6 (36), Tatung Co. of America Inc., a subsidiary of the Company, filed for financial restructuring in September 2019. Tatung Co. of America Inc. intends to continue operations through these procedures, thus the company did not prepare financial statements using liquidation assumption.

The consolidated financial statements for the year 2019 have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NTD”) unless otherwise stated. Certain subsidiaries prepared financial statements using liquidation assumption. Please refer to Note 4 (28) for more details on liquidation assumption.

The consolidated financial statements for the year 2018 have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NTD”) unless otherwise stated.

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(3) Basis of consolidation

Preparation principle of consolidated financial statement

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

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

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

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

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

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

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

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



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If the Company loses control of a subsidiary, it:

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

(a) The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Holding percentage	
			December 31, 2019	December 31, 2018
The Company, Chunghwa Electronics Investment Co., Ltd., Chih Sheng Realty Co., Ltd.	Chunghwa Picture Tubes, Ltd. ("CPT") (Note1)	Manufacture, research and sale of picture tubs and TFT-LCD products	39.67%	41.16%
The Company, Shan-Chih Investment Co., Ltd. and Shan-Chih Asset Development Co.	Tatung System Technologies Inc. ("TSTI")	Software and hardware service and system integration	43.34%	54.40%
The Company, and Chunghwa Electronics Investment Co., Ltd	Forward Electronics Co., Ltd. ("FD")	Manufacture and sale of electronics	18.48%	20.16%
The Company	Taiwan Telecommunication Industry Company Ltd.	Telecommunication devices.	100.00%	100.00%
The Company and Chunghwa Electronics Investment Co., Ltd.	San-Chih Semiconductor Co., Ltd. ("SCSC")	Manufacture and sales of semiconductors and chips	57.08%	57.08%
The Company, SCSC, SCAD, Shan Chih Investment Co., Ltd., and Chih Sheng Investment Co., Ltd.	Green Energy Technology Inc. ("GET")	Manufacture of electrical parts and retail sales and wholesale of electrical materials	Note2	38.48%
The Company	Central Research Technology Co.	EMCIRF testing and certification services	100.00%	100.00%
The Company	Tatung Consumer Products (Taiwan) Co., Ltd.	Sales of home appliances and digital computer products	99.10%	99.10%
The Company	Tatung SM-Cycle Co.	Manufacture of speed reducers, speed aviators	Note3	85.33%
The Company, Chunghwa Electronics Investment Co., Ltd. and Chih-Sheng Investment Co., Ltd.	Tatung Fine Chemicals Co., Ltd. ("TFC")	Industrial coatings, electrocution coatings resistor coatings, photocatalyst, inkjet ink	54.63%	54.63%
The Company	Shan-Chih Asset Development Co. ("SCAD")	Development and leasing of real estate	100.00%	100.00%
The Company, SCAD and Chih Sheng Investment Co., Ltd.	Chunghwa Electronics Investment Co., Ltd.	Professional investment holding	99.99%	99.99%

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			December 31, 2019	December 31, 2018
The Company	Tatung DIE Casting Co.	Manufacturing and sales of casting mold	51.00%	51.00%
The Company	Tatung (Thailand) Co., Ltd.	Manufacturing and sales of IT products, home appliances and AI meter	99.99%	99.99%
The Company	Tatung Co. of Japan, Inc.	Sales and purchase of electronic parts, home appliances and IT products	100.00%	100.00%
The Company	Tatung Electronics(S) Pte. Ltd.	Purchases, sales and services of raw material	90.00%	90.00%
The Company	Tatung Information (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%
The Company	Tatung Electric (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%
The Company	Tatung Co. of America Inc.	Sales and service of IT and household electronics products in the US	50.00%	50.00%
The Company	Tatung Mexico S.A de C.V. (“TMX”)	Manufacture of electronic products	99.99%	99.99%
The Company	Tatung Science and Technology, Inc.	Sale and purchase of IT products	100.00%	100.00%
The Company	Tatung Electric Company of America, Inc.	Manufacture and sales of motor products in the U.S.	100.00%	100.00%
The Company	Tatung Netherlands B.V.	Sales of electronic products	100.00%	100.00%
The Company	TATUNG CZECH s.r.o	Manufacture of IT products	100.00%	100.00%
The Company	Tatung Medical Healthcare Technologies Co., Ltd.	Design and sales of medical instruments.	95.85%	95.56%
The Company	Toes Opto-Mechatronics Co.	Manufacture of data storage and process equipment	85.00%	85.00%
The Company	Tatung Vietnam Co., Ltd.	Manufacture and sales of home appliances	100.00%	100.00%
The Company	Tatung Electric Technology (VN) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
The Company	Chih Sheng Investment Co., Ltd.	Professional investment holding	100.00%	100.00%
The Company and Chunghwa Electronics Investment Co., Ltd.	Shan Chih Investment Co., Ltd.	Professional investment holding	100.00%	100.00%
The Company	Absolute Alpha Limited	Professional investment holding	100.00%	100.00%
The Company	Tatung Forever Energy Co., Ltd.	Solar energy related business	99.10%	97.12%
The Company	Leap High Limited	Professional investment holding	65.00%	65.00%
The Company	Tungyang Energy Co., Ltd.	Solar energy related business	100.00%	100.00%
The Company	Chih Kuang energy Co., Ltd	Solar energy related business	100.00%	100.00%

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			December 31, 2019	December 31, 2018
The Company	Shanshin energy Co., Ltd.	Solar energy related business	100.00%	100.00%
The Company	Yau Yang Energy Co., Ltd.	Solar energy related business	100.00%	-
The Company	Ting Shin Energy Co., Ltd.	Solar energy related business	100.00%	-
The Company	Zhi Shin Energy Co., Ltd.	Solar energy related business	100.00%	-
CPT	Chunghwa Picture Tubes (Bermuda) Ltd. (“CPTB”)	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPTB	Chunghwa Picture Tubes (Malaysia) Sdn. Bhd. (“CPTM”)	Manufacture and sale of CRT	100.00%	100.00%
CPTB	CPTF Optronics (Shen-Zhen) Co., Ltd.	Investigation of market information	100.00%	100.00%
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	Investment holding	100.00%	100.00%
Forward Electronics Co., Ltd. and Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Manufacture and sale of solar module and related component	Note2	45.82%
Forward Development Co., Ltd.	Forward Electronics Equipment (Dong Guan) Co., Ltd	Manufacture and sale of tuner, keyboard, mouse, remote controller, switch, socket and potentiometer.	100.00%	100.00%
Forward Development Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	Manufacture and sale of backlight unit for TFT-LCD, driving board, tuner, keyboard, mouse, switch, socket and connector.	100.00%	100.00%
SCSC	Greater Power Limited	Investment holding	100.00%	100.00%
SCSC	Chih De Investment Co., Ltd.	Investment holding	100.00%	100.00%
GET	Energy Well International Limited	Investment holding	Note2	100.00%
GET	Green Energy Global Investment	Investment holding	Note2	100.00%
Greater Power Limited and Energy Well International Limited	Ultra Energy Holdings Limited	Investment holding	Note2	100.00%
Energy Well International Limited	Golden Sunny Limited	Investment holding	Note2	100.00%
Ultra Energy Holdings Limited	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar silicon wafer slicing.	Note2	100.00%
Ultra Energy (WEIFANG) Technology Co. Ltd	Weifang Jianeng Jingmao Co., Ltd.	Sale of solar energy related products	Note2	100.00%
Tatung Fine Chemicals Co. and Shang Chih International Chemical Industry Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sale of industry coating and electro-deposition coating	100.00%	100.00%
Tatung Fine Chemicals Co.	Huaian Tatung Advanced Technology Materials Co., Ltd.	Manufacture and sale of positive material of lithium battery, printer ink, electro-deposition high performance coating.	100.00%	100.00%
Tatung Fine Chemicals Co.	Shang Chih International Chemical Industry Co., Ltd.	Investment holding	100.00%	100.00%

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			December 31, 2019	December 31, 2018
Shang Chih International Chemical Industry Co., Ltd.	Wujiang Shanghua Material Technology Co., Ltd	ABS plastic, color dyes	-	100.00%
Shang Chih International Chemical Industry Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Wholesale of painting, coating and chemical products.	100.00%	100.00%
Chih Sheng Holding HK Limited and Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Manufacture and sales of various electrical products	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd. and Shan-Chih International Holding Corporation	Tatung Compressors (ZHONGSHAN) Co., Ltd.	Manufacture and sales of reciprocating compressors.	100.00%	100.00%
Tatung Electric (Singapore) Pte. Ltd. and Shan-Chih International Holding Corporation	Tatung (Shanghai) Co., Ltd	Manufacture and sales of motors, generators and transformers	100.00%	100.00%
TMX	TMX Logistics, Inc.	Hub service	100.00%	100.00%
TMX	TMX Technologies Inc.	Technologies & business development	100.00%	100.00%
Shan Chin Investment Co. Ltd	Shan-Chih International Holding Corporation	Investment holding	100.00%	100.00%
TSTI	Chyun Huei Business Technology Inc.	Information software Service	100.00%	100.00%
TSTI	Tisnet Technology Inc.	Software design and development	100.00%	100.00%
TSTI	TSTI Technologies (Shanghai) Co., Ltd.	Information software Service	94.00%	94.00%
Chih Sheng Investment Co., Ltd.	Chih Sheng Investment (BVI)	Investment holding	100.00%	100.00%
Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co., Ltd.	Produce, food retail and wholesale industry	52.17%	52.17%
Chih Sheng Investment (BVI) Co., Ltd	Chih Sheng Holding Co., Ltd.	Investment holding	100.00%	100.00%
Chih Sheng Holding Co., Ltd. and CPTB	Goldmax Asia Pacific Ltd	Investment holding	51.26%	51.26%
Chih Sheng Holding Co., Ltd.	Chih Sheng Holding HK Limited	Investment holding	100.00%	100.00%
Absolute Alpha Limited	Tatung Information Technologies Corp.	Sales of electronic products	100.00%	100.00%
Chih Sheng Holding HK Limited	Wu-jiang Tatung Electronics Trading Co. LTD	Sales of information products	-	100.00%
Shan-Chih Asset Development Co. and Taipei Industry Corporation	Tatung Forestry and Construction Co.	Design and construction of structural engineering.	99.87%	99.87%
The Company and Shan-Chih Asset Development Co.	Taipei Industry Corporation	Manufacturing sale of construction related material and property rental business.	50.61%	50.61%
Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	Realty management	100.00%	100.00%
Shan-Chih Asset Development Co.	Shan-Chih Asset International Holding Corporation	Investment Holding	100.00%	100.00%

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			December 31, 2019	December 31, 2018
Shan-Chih Asset International Holding Corporation	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	100.00%	100.00%
Shan-Chih Asset International Holding Corporation	Shan-Chih Asset International (Hong Kong) Holding Limited	Investment Holding	100.00%	100.00%
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Solar energy business	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd., and Tatung (Thailand) Co., Ltd.	Myanmar Tatung Co., Ltd.	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	100.00%	100.00%
Tatung Information (Singapore) Pte. Ltd.	Tatung Myanmar JV Holding Co., Ltd.	Investment Holding	100.00%	100.00%
Tatung Medical Healthcare Technologies Co., Ltd.	Tatung Medical & Healthcare Technologies Inc.	Investment Holding	100.00%	100.00%
Tatung Medical & Healthcare Technologies Inc.	Elite Oxygen and Healthcare Co., Ltd.	Sale of Oxygen generator	-	100.00%
Tatung Medical Healthcare Technologies Co., Ltd.	Insured Pharmaceuticals Co., Ltd.	Pharmaceuticals and warehousing and transportation service	100.00%	100.00%
Tatung (Shanghai) Co., Ltd	Tatung Xinji (Guangdong) Technology Co., Ltd.	Electrical engineering system installation service	100.00%	100.00%

Note1: Chunghwa Picture Tubes, Ltd. filed bankruptcy to the court on September 18, 2019, however, the courts decision was pending as of December 31, 2019.

Note2: Green Energy Technology Inc. resolved at its board meeting to disclaim listed company role and proposal of liquidation was approved at the board meeting held on July 15, 2019 and the provisional shareholders' meeting held on August 30 approved the proposal while the liquidators assumed their positions. The Group therefore lost control of Green Energy Technology Inc. and its subsidiaries.

Note3: In the third quarter of 2019, the Group resolved to sell 36.33% of its shares of Tatung Sm-Cyclo Co., Ltd. and completed such transaction in the fourth quarter. The Group lost control of Tatung Sm-Cyclo Co., Ltd. and the shareholding percentage in the company decreased from 85.33% to 49%. However, the Company still has significant influence on the company, therefore Tatung Sm-Cyclo was recognized as investment accounted for using the equity method following derecognition. The profits (losses) from disposing of the investment or derecognition as mentioned above was NTD266,158 thousand.

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Tatung Forever Energy Co., Ltd. held capital injections in March, June, July, September, October and November 2019. The Company subscribed to the shares proportionately and thus the Company's holding percentage increased to 99.10%.

Tatung Coatings (Kunshan) Co., Ltd, the Group's subsidiary, acquired Wujiang Shanghua Material Technology Co., Ltd on January 1, 2019. Tatung Coatings (Kunshan) Co., Ltd is surviving company after the acquisition and Wujiang Shanghua Material Technology Co., Ltd is dissolved company after the acquisition which has completed the cancellation procedures in January 2019; Elite Oxygen and Healthcare Co., Ltd., one of the Group's subsidiary, received liquidation certification on August 9, 2019.

San Chih Semiconductor Co., Ltd. ("SCSC"), Chunghwa Picture Tubes, Ltd. ("CPT"), and Chunghwa Electronics Development Co., Ltd., subsidiaries of the Company, sold stocks of FD during the second half of 2018 and hence the Group's direct and indirect holding percentage of FD decreased to 18.48%.

Chunghwa Electronics Development Co., Ltd., a subsidiary of the Company, has started to sell shares of CPT in the fourth quarter of 2018 and the Group has lost control of GET, hence the Group's direct and indirect holding percentage of CPT decreased to 39.67%.

SCSC, a subsidiary of the Company, has started to sell shares of GET in the fourth quarter 2018 and hence the Group's direct and indirect holding percentage of GET decreased to 36.81%.

Tatung Information Technology (Jiangsu) Co., Ltd., a subsidiary of the Company, acquired Wu-jiang Tatung Electronics Trading Co. Ltd. on September, 2019. Tatung Information Technology (Jiangsu) Co., Ltd is a surviving company.

To expend the solar energy business, in April 2019, the Company established Ting Shin Energy Co., Ltd., Zhi Shin Energy Co., Ltd. and YAU Yang Energy Co., Ltd. with NTD100 thousand、NTD200,000 thousand and NTD50,000 thousand, respectively. The holding shares percentages maintain 100%. Tungyang Energy Co., Ltd. held a capital injection with NTD400,000 thousand; Zhi shin Energy Co., Ltd.、Yau Yang Energy Co., Ltd. and Tungyang Energy Co., Ltd., held capital reductions in September 2019, with NTD160,000 thousand、NTD45,000 thousand and NTD150,000 thousand, respectively, and no change in holding percentage; Shang Shin Energy Co., Ltd. held a capital injection in June and September 2019. With total NTD90,000 thousand, and thus the Company's holding percentage maintain 100% Chin kiang Energy Co., Ltd. held capital injections in August and December 2019 with total NTD250,000 thousand, and thus the Company's holding percentage maintain 100%; Ting Shin Energy Co., Ltd. held a capital injection in December 2019 with NTD30,000 and thus the Company's holding percentage maintain 100%.

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Tatung System Technologies Inc. (“TSTI”), a subsidiary of the Group, approved at its shareholders’ meeting on June 18, 2019 to inject capital with surplus in the form of new shares in 33,600 thousand. The Company received 1,800,906 shares from TSTI as a result of earnings distribution. TSTI approved at its board meeting held on August 8, 2019 to increase capital with cash and issued 18,000 thousand shares of common shares at NTD14.2 per share with par value of NTD10. The Company did not subscribe the newly issued shares and thus the Company’s ownership in TSTI was reduced to 43.34% as of December 31, 2019.

Tatung Medical Healthcare Technologies Co., Ltd. held a capital injection in May 2019. The Company subscribed to the shares proportionately and thus the Company’s holding percentage increased to 95.85%.

Tatung Co. of Japan, Inc. issued 1,800,000 common shares for cash in June and August 2019 and proceeded with capital reduction of 1,800,000 common stocks to facilitate operation. After capital deduction, the outstanding shares was 15,000 shares. The Group held 100% of Tatung Co. of Japan, Inc. shares as of December 31, 2019.

The Company signed a share sale contract in the fourth quarter of 2018, to sell all of the shares of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. 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.

Although the percentages of ownership interests in some companies, such as CPT, TSTI and FD were less than 50%, the Group determined that it has control over these companies. This is due to a combination of factors including the fact that the Group has been the single largest shareholder of these companies since the inception of the investment; the remaining shareholding percentage of other shareholders is dispersed; in the absence of contractual arrangement, the Group could obtain proxies to achieve relative majority and the Group is able to appoint or approve the key management personnel of these companies who have the ability to direct the related activities.

Please refer to Note 8 for more details on stocks of subsidiary under pledge.

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(b) Subsidiaries that are not included in the consolidated financial statement are as follows:

Investor	Subsidiary	Business nature	Percentage of ownership	
			December 31, 2019	December 31, 2018
The Company, Shan-Chih Asset Development Co., Tatung Forestry and Construction Co. and Tatung Fine Chemicals Co., Ltd.	Hsieh Chih Industrial Library Publishing Co.	The publishing and sales of Hsieh Chih Industrial Library	98.80%	98.80%
The Company	Lansong International Co., Ltd	Forestry	98.33%	98.33%

All the above subsidiaries were of insignificant percentage to the Company's total assets and operating revenue and therefore not consolidated by the Company.

(4) Foreign currency transactions

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

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are 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 by 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 capitalize and take as part of the cost of the borrowing.
- B. Foreign currency items within the scope of IFRS 9 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.



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

(5) Translation of financial statements in foreign currency

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 Group: 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.

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

An asset is classified as current when:

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

All other assets are classified as non-current.

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A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

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

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* 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.

(1) Financial instruments: Recognition and Measurement

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

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

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

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

*Financial asset measured at fair value through other comprehensive income*

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

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

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

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 Group 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.

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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.

(2) Impairment of financial assets

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

The Group 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 Group 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- (d) For lease receivables arising from transactions within the scope of IFRS 16 (before 1 January, 2019: IAS 17), the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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(3) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(4) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

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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*.

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* 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).

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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 liabilities or financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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



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(5) Offsetting of financial instruments

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

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as 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. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, 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 designated at fair value through profit or loss.

(10) Fair value measurement

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

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

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

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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 considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

(11) Inventories

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

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 cost.

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

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(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.

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

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

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

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

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

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

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

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

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

(14) Property, plant and equipment

Property, plant and equipment are 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 Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Buildings	3~50 year
Machinery and equipment	1~36 year
Transportation equipment	2~10 year
Office equipment	2~10 year
Right-of-use assets/leased assets (note)	3~20 year
Leasehold improvements	The shorter of lease terms or economic useful lives
Other equipment	2~15 year

Note: The Group reclassified the lease assets to right-of-use assets after the adoption of IFRS 16 from January 1, 2019.

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

Investment property for self-use should be initially measured at cost, including transaction costs. The cost of a purchased investment property includes the purchase price and any directly attributable expenses. Directly attributable expenses include legal service fees, property transfer taxes and other transaction costs.

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 53<sup>rd</sup> paragraph of IAS 40 "Investment property" were excluded.

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If investment property for self use is converted into investment property reported at fair value, the difference between the carrying amount recognized in accordance with IAS 16 and its fair value on the date of change of use shall be treated in accordance with the revaluation approach under IAS 16.

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

**The accounting policy from January 1, 2019 as follow:**

For contracts entered on or after January 1, 2019, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

The Group elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

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Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement’s comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.



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**The accounting policy before January 1, 2019 as follow:**

Group as a lessee

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

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

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

Group as a lessor

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

(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 at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

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

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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 Group 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

The patent is amortized over the period of useful life.

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Licenses and Technology cooperation costs

Licenses have been granted the use of right 3 to 15 years depending on the shorter of contract period and period of expected future benefit and the cost is amortized on a straight-line basis.

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

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

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

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.

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Sales returns and allowances

Sales return and allowances are accounted in accordance with IFRS 15.

Provisions for legal matters

Provisions have been recognized for estimated legal obligations and relevant cost based on past experience. If the existing obligation is mostly likely to incur and the amount may be reasonably estimated, the provisions for legal matters is to be recognized.

Long-term provision of onerous contract

Onerous contract is a contract that the inevitable cost of fulfillment of the obligation exceeds the expected future benefit from the contract. The obligation of the contract should be recognized and measured as provision.

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

Sale of goods

The Group manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers (the customer has the right to use and gains almost all of the residual benefit). The main product of the Group is TFT-LCD, CF, wafer, cable wires, transformer, motors, house appliance 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 Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

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

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

Rendering of services

The Group provides maintenance services for the sale of machinery and other professional services. Such services are separately priced or negotiated and provided based on contract periods. As the Group provides the maintenance services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. 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 Group are collected evenly throughout the contract periods. When the Group 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 Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

Construction contract

When the outcome of the construction contract could be reasonably estimated, revenue and costs from the construction contract would be 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 at reporting date.

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When the outcome of the construction contract couldn't be reasonably estimated, cost recovery method would be applied. Revenue could only be recognized to the same amount of costs incurred.

When the estimated total cost of the contract is reasonably possible more than total revenue forms the contract, the expected loss should be recognized as expense immediately.

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

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

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

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

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

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

(25) Share-based payment transactions

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

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

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



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

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

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

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

## (26) 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.

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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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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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.

(27) Business combinations and goodwill

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

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

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

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

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

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

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

(28) Liquidating assumption

The accounting treatment of liquidating assumption shall refer to managers measuring assets by the economic benefits recovered by disposing of assets. And liabilities are measured and recognized according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards.

5. Significant accounting judgments estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reporting amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the 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.

(1) Judgment

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

A. Investment properties

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

B. Operating lease commitment-Group as the lessor

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

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

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

(2) Estimates and assumptions

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

A. Fair value of financial instruments

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

B. Impairment of 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 Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Please refer to Note 6 for more details.

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C. Liquidation value of estimated discontinuing entities

If the management of a company consolidated has intention to dissolve and liquidate the company, it usually recovers the economic benefits of the accounted assets by disposing of the assets. Therefore, the assets of these estimated liquidation companies are evaluated and measured by the liquidation value method, but the liquidation value method are involved various assumptions (including: whether there is an orderly transaction, whether the company has sufficient transaction time and the number of market participants expected, etc.). When the occurrence of an evaluation due to the creditor's exercise of the right to request is subject to abnormalities such as forced sale or rapid realization, the estimated value would be different from the value of which the market participants can sell the assets in an orderly transaction which is to receive consideration or transfer the liabilities, after deducting the incremental costs attributable to the disposed assets or risk generation unit.

D. 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.

E. Provisions and contingent liabilities

Provisions

The Group 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 Group recognizes related provisions for the legal matters. Please refer to Note 6.

Contingent liabilities

The Group needs to evaluate whether there is any obligation that will lead to economic benefit outflow if the Group doesn't recognize provisions for contingent liabilities.

F. Revenue recognition - sales returns and allowance

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

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G. Income tax

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

H. Accounts receivables—estimation of impairment loss

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

I. Inventories

Estimates of net realizable value of inventories takes 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.

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J. Fair value of investment properties

Fair value of investment properties is decided by valuation models such as comparative method, cost method, land development analysis approach, and direct capitalization method of income approach. The fair value of investment properties may be affected when assumptions and judgements used in the valuation models were changed. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2018</u>
Cash on hand & petty cash	\$131,422	\$123,862
Cash in banks	8,415,034	8,030,202
Time deposits	1,781,848	755,962
Cash in transit	1,337	63,546
Total	<u>\$10,329,641</u>	<u>\$8,973,572</u>

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

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2018</u>
Mandatorily measured at fair value through profit or loss:		
Stocks	\$138,131	\$129,492
Funds	15,028	-
Bonds	3,000	-
Forward foreign exchange contracts	-	2,023
Capital-guaranteed financial products	718,935	940,712
Total	<u>\$875,094</u>	<u>\$1,072,227</u>
Current	<u>\$875,094</u>	<u>\$1,072,227</u>

Please refer to Note 8 for more details on financial assets at fair value through profit or loss under pledge.



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

	As of December 31,	
	2019	2018
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks—CPTTG	\$5,653,976	\$6,103,315
Listed companies stocks—Others	402,558	739,117
Unlisted companies' stocks	634,595	449,809
Total	\$6,691,129	\$7,292,241
Current	\$343,563	\$399,417
Non-current	6,347,566	6,892,824
Total	\$6,691,129	\$7,292,241

- (1) As mentioned in Note 4(3), CPT lost control of CPTTG as of end of 2018. Although CPT held more than 20% of CPTTG's shares, it no longer had a representative in CPTTG's board of directors as end of 2018. Moreover, CPT could not participate in the decision making after losing control, or involve in significant transaction, exchange of management personnel or provision of important technical information. It could not acquire information needed to measure the investment under equity method and hence the Company deemed that it did not have significant influence. Therefore, the equity was recognized as financial assets at fair value through other comprehensive income. Please refer to Note 6 (33) for more details.
- (2) The Group's financial assets at fair value through other comprehensive income- listed companies stocks—CPTTG was measured at market price on December 31, 2019, and considered the liquidity discount and related assumptions. Liquidity discount was taken into consideration mainly because the 729,289,715 shares of the listed companies stocks—CPTTG were frozen by the Fujian High Court in January 2019 and sold 27,640,594 shares through securities transaction. The remaining 701,649,121 shares were frozen until January 28, 2022, and the Group recognized loss from investments in equity instruments measured at fair value through other comprehensive income in the amount of NTD(128,024) thousand.

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- (3) 441,600,000 shares of the above shares of CPTTG were pledged to Bohaitrust Co. as security. As mentioned in Note 6(19), Bohaitrust Co. sent debt performance verification letters for the first, second and third installments of the loan through Beijing Zhongxin Notary Public Office in January and March 2019 to notify Chunghwa Picture Tubes (Bermuda) Ltd. and CPTF Optronics (Shen-Zhen) Co., Ltd. that they did not pay back debt as schedule and, therefore the Beijing Zhongxin Notary Public Office approved Bohaitrust Co. to dispose of the pledged shares for repayment of loans. Fuzhou Intermediate Court sent the court ruling and notice of performance on July 29 and August 5, 2019, which stated that the second and third installments of the loan have entered compulsory enforcement. Also, 153 million shares were auctioned publicly in the judicial sale website from December 24, 2019 to December 25, but passed in, and second auction was held from February 11 to 12, 2020, which was also passed in. Furthermore, 27,640,594 shares were sold for the third installment of the loan of Bohaitrust Co. through secondary market and Huarong Securities Co., Ltd. will auction the remaining 14,359,406 shares on March 17, 2020; as a result, 129.6 million shares were listed in the judicial sale on Alibaba auction website on December 24 and 25, 2019 by Ningde Intermediate People's Court. After that, Xing-Yu Lai, the successful tenderer, raised an objection to the court for the difference between the auction price and the closing price. Ningde Intermediate People's Court cancelled the Notice letter No. (2019) Min- 09- Zhi- 152 it issued on January 20, 2020. The court will auction the shares again on Alibaba auction website from 10:00AM March 30, 2020 to 10:00 AM March 31, 2020 (unless extended).

Also, 180.8 million shares CPTTG were pledged to China Railway Group Limited for secured loan as mentioned in Note 6 (19). China Railway Group Limited sent letters of advance maturity to inform CPT Group in December 2018 and January 2019 that CPTF Optronics (Shen-Zhen) Co., Ltd. did not pay debt interest on time and the market value of the pledged shares of CPTTG significantly declined following the substantial controller claiming restructure; as a result, the pledged share ratio was higher than the criteria stated in the contract and was not covered on time. As these circumstances constituted default, China Railway Group Limited declared the principal and interest matured in advance and froze the deposit of RMB148 million in China Structure Bank by CPTF Optronics (Shen-Zhen) Co., Ltd. Shen-Zhen Intermediate People's court sent a letter of mediation in March 2019, stating that the disputes of loan contract between China Railway Group Limited and CPTF Optronics (Shen-Zhen) Co., Ltd. met the mediation criteria and a mediator will be assigned for mediation. Later the Shen-Zhen Intermediate Popole's Court opened a court session on August 21, 2019, CPTF Optronics (Shen-Zhen) Co., Ltd. received civil ruling No. (2019) Yue-03-Min-Chu-832 issued by Shen-Zhen Intermediate People's Court. CPTF Optronics (Shen-Zhen) Co., Ltd. filed an appeal to Guangdong High Court on November 12, 2019, and has not received a notice of court session so far.

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The Group classified certain of its financial assets as financial assets at fair value through other comprehensive income. Please refer to Note 8 for more details on financial assets at fair value through other comprehensive income under pledge.

For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividends income in the amount of NTD56,166 thousand and NTD 80,193 thousand for 2019 and 2018, respectively.

In consideration of the Group's investment strategy, the Group disposed the listed stock which were reported under equity instrument investments measured at fair value through other comprehensive income in 2019 and 2018. Upon derecognition, the fair value of the investments was NTD307,304 thousand and NTD84,024 thousand as of December 31, 2019 and 2018, respectively, and the related cumulative unrealized evaluation gain was NTD260,169 thousand and NTD39,598 thousand, respectively, which were transferred from other components of equity to retained earnings.

(4) Financial assets measured at amortized cost

	As of December 31,	
	2019	2018
Cash in banks—reserve account	\$511,943	\$863,452
Cash in banks—trust account(Note 1)	8,092	903,852
Cash in banks—demand deposits and check deposits (Note 2)	673,616	19,627
Time deposits (contain pledge)	3,011,745	1,872,142
Subtotal (carrying amount)	4,205,396	3,659,073
Less: loss allowance	-	-
Total	<u>\$4,205,396</u>	<u>\$3,659,073</u>
Current	\$3,587,887	\$3,074,450
Non-current	617,509	584,623
Total	<u>\$4,205,396</u>	<u>\$3,659,073</u>

Note 1: To assure payment of salaries to the employees and of necessary operating expenses, CPT, a subsidiary of the Group, signed two trust contracts with the lawyer with the consent of the board of directors.

Note 2: Cash in banks-demand deposits.

The Group 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 Note 12 for more details on credit risk.

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(5) Notes receivables

	As of December 31,	
	2019	2018
Notes receivables arising from operating activities	\$230,778	\$464,079
Less: loss allowance	(43)	(64)
Total	<u>\$230,735</u>	<u>\$464,015</u>

Notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6(24) for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

(6) Accounts receivable and Accounts receivable-related parties

	As of December 31,	
	2019	2018
Accounts receivable	\$4,990,984	\$6,912,240
Accounts receivable from instalment sales	7,223	496,102
Less: unrealized interest revenue – accounts receivable from instalment sales	(1,071)	(10,002)
Net	<u>4,997,136</u>	<u>7,398,340</u>
Less: loss allowance	(972,970)	(1,129,170)
Subtotal	<u>4,024,166</u>	<u>6,269,170</u>
Accounts receivable-related parties	922,223	1,149,281
Less: loss allowance	(1)	(41,764)
Net	<u>922,222</u>	<u>1,107,517</u>
Total	<u>\$4,946,388</u>	<u>\$7,376,687</u>

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

	As of December 31,	
	2019	2018
Not later than one year	\$7,223	\$227,572
Later than one year and not later than two years	(Note)	121,655
Later than two years	(Note)	146,875
Total	<u>\$7,223</u>	<u>\$496,102</u>

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.

Accounts receivable were not pledged.

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The Group's credit terms are generally 30-180 day. The carrying amount is NTD5,919,359 thousand and NTD8,547,621 thousand as at December 31, 2019 and 2018. Please refer to Note 6(24) for more details on loss allowance of trade receivables in 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

(7) Inventory

A. The details of inventories are as follows:

	As of December 31,	
	2019	2018
Raw materials	\$902,468	\$1,592,961
Work in progress	2,409,739	3,709,738
Finished good	3,561,507	3,629,089
Inventories in transit	46,861	82,880
Buildings and land held for sale	428,378	428,378
Property under construction	8,253,489	8,853,841
Property used for construction	506,255	500,984
Total	<u>\$16,108,697</u>	<u>\$18,797,871</u>

B. Property under construction:

Name of developing projects	As of December 31,	
	2019	2018
Project D	\$4,976,034	\$5,597,709
Project H	3,173,415	3,152,092
Project I	104,040	104,040
Total	<u>\$8,253,489</u>	<u>\$8,853,841</u>

December 31, 2019

Projects	Total selling price of contracts sold	Total estimated costs	Completed percentage	Scheduled year of completion	Contract liabilities
Project D	<u>\$7,501,500</u>	<u>\$5,025,266</u>	94.88%	109	<u>\$2,576,442</u>

According to domestic regulations, the installments of advance receipts from buyers should be deposited in the trust accounts and be used following construction progress. Part of trust account was released during third quarter of 2019.

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Regarding Project H, Shan-Chih Asset Development Co., the Group's subsidiary, have signed "Purchase agreement for land agreement price required for the development of the Mass Rapid Transit system in the Taipei metropolitan area" and "Purchase and sale agreement of land ownership". According to the agreements, Shan-Chih Asset Development Co. should transfer 13 titles of Land Lot No 478, Jiankang Section, Zhonghe District, New Taipei City to Taipei City Government and obtain ownership assignment right by contractual agreement after the land development is completed by Taipei City Government. Later Shan-Chih Asset Development Co.'s board of directors approved on May 2, 2019 to deliver an application to the Department of Rapid Transit Systems of Taipei City Government for priority status of development and to seek a cooperator publicly on September 20, 2019. The company signed the "Construction cooperation contract of 13 titles of Land Lot No 478, Jiankang Section, Zhonghe District, New Taipei City" with DA CIN Construction Co., Ltd. on November 13, 2019. Moreover, Shan-Chih Asset Development Co. formally signed the "Investment Agreement" and won the land development tender of 3 MRT development zones of MRT Wanda Line Phase I—LG07 station with the Department of Rapid Transit Systems of Taipei City Government.

For Project I, the Group is cooperating with Company A. The Group provides land and Company A provides construction.

C. The costs of inventories recognized in expenses are as follows:

	For the years ended	
	December 31,	
	2019	2018
Cost of inventories recognized in expenses	\$30,793,217	\$57,627,565
Loss on allowance for inventory valuation	144,619	3,039,770
Total	<u>\$30,937,836</u>	<u>\$60,667,335</u>

D. Please refer to Note 8 for pledged inventories.

E. There are several ways to purchase silicon raw material. Aside from purchasing at market value, the Group also purchased from suppliers with long-term contracts. The price is according to market conditions.

F. Please refer to Note 9 for contingent events arose from signing long-term purchasing contracts of silicon raw materials.

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

	Non-current assets held for sale-shares
2018.12.31	\$340,010
Effect of exchange rate changes	(7,728)
2019.12.31	<u>\$332,282</u>

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Note 1: In the fourth quarter of 2018, the Company signed an agreement to sell all of its shares of Tatung Electric Technology (VN) Co., Ltd. and Tatung Vietnam Co., Ltd. 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 and liabilities held for sale as at December 31, 2018. As of December 31, 2019, the Company has received the consideration of NTD588,924 thousand for above transactions and recognized the amount under advanced receipts as the share transferring procedures were still ongoing.

The assets, liabilities and equity related to the discontinued operations mentioned above are listed as follows:

	As of December 31,	
	2019	2018
	Tatung Electric Technology (VN) Co., Ltd.	Tatung Vietnam Co., Ltd.
Cash and cash equivalents	\$3,550	\$60,935
Accounts receivable - related parties (Note)	-	8,476
Prepayments	1,258	17,979
Property, plant and equipment	56,740	150,323
Others	11,708	37,517
Non-current assets held for sale	73,256	275,230
Elimination	-	(8,476)
Non-current assets held for sale (net)	<u>\$73,256</u>	<u>\$266,754</u>
	As of December 31,	
	2019	2018
Accounts payable - related parties (Note)	\$55,454	\$302
Accounts payable	884	4,591
Contract liabilities	-	295
Contract liabilities— related parties (Note)	-	3
Elimination	(55,454)	(305)
Liabilities directly related to non-current assets held for sale	<u>\$884</u>	<u>\$4,886</u>
Equity directly related to non-current assets held for sale	<u>\$17</u>	<u>\$30,937</u>

Note: Transactions between consolidated entities would be eliminated when preparing consolidated financial statements.

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(9) Investments under equity method

A. The following table lists the investments under equity method of the Group:

Investees	As of December 31,			
	2019		2018	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
<u>Listed companies</u>				
Elitegroup Computer Systems Co., Ltd.	\$3,585,213	27.35	\$3,626,573	27.35
<u>Unlisted companies</u>				
Tatung Okuma Co., Ltd.	1,394,385	49.00	1,285,832	49.00
Kuender Co., Ltd.	62,192	50.00	63,880	50.00
Hsieh-Chih Industrial Library Publishing Co.	13,836	98.80	13,754	98.80
Chung-Tai Technology Development Engineering Co.	12,125	22.00	13,227	22.00
Lansong International Co., Ltd.	-	98.33	-	98.33
Tatung Cranes (Shanghai) Co., Ltd	22,198	45.00	20,473	45.00
Ufeco (Wujiang) Technology Inc.	26,479	40.00	23,532	40.00
Nature Worldwide Technology Corp. (Note)	(19,970)	85.36	(19,970)	85.36
Yunbao Co., Ltd	1,997	40.00	1,857	40.00
I Torch Technology Co., Ltd	4,644	20.00	-	-
Gintung Energy Co., Ltd.	-	15.77	-	-
ULTRA ENERGY HOLDINGS LIMITED	-	19.77	-	-
Tatung SM-Cycle Co.	248,838	49.00	-	-
Subtotal	<u>1,766,724</u>		<u>1,402,585</u>	
<u>Jointly Controlled Entity:</u>				
Lin Htet Lin Company Limited	2,158	49.00	3,070	49.00
Tatung Middle East Purification of Potable Water L.L.C	-	49.00	579	49.00
Subtotal	<u>2,158</u>		<u>3,649</u>	
Net of long-term investments accounted for under equity method	5,354,095		5,032,807	
Add: Long-term equity investments, credit balance	<u>19,970</u>		<u>19,970</u>	
Total	<u>\$5,374,065</u>		<u>\$5,052,777</u>	

Note: San Chih Investment Co., Ltd., a subsidiary of the Company, did not intend to support Nature Worldwide Technology Corp. from April 2010. Nature Worldwide Technology Corp. was still under liquidation process as of December 31, 2019.



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The Group's ownership of Gintung Energy Co., Ltd. and ULTRA ENERGY HOLDINGS LIMITED decreased from 45.82% and 100% to 15.77% and 19.77%, respectively, due to loss of control of Green Energy Technology Inc. on August 30, 2019; as a result, the Group lost control of Gintung Energy Co., Ltd. and ULTRA ENERGY HOLDINGS LIMITED, thus the Group recognized losses on disposal of investments in the amount of NTD (27,776) thousand. After derecognizing those two subsidiaries, the Group recognized the related investments as investments under equity method because the Company still has significant influence on the two entities.

As of July 2019, the Group invested I Torch Technology Co., with investment amount of NTD5,000 thousand and held 500 thousand shares. The Group holding percentage of I Torch Technology as 20%.

The Group entered into a sale agreement in the third quarter of 2019 to sell 36.33% of its shares of Tatung Sm-Cyclo Co., Ltd. ("Tatung Sm-Cyclo") and such transaction was completed in the fourth quarter. The Group's shareholding percentage in Tatung Sm-Cyclo decreased from 85.33% to 49%, therefore the Group lost control of the entity. However, the Company still has significant influence on the entity, therefore Tatung Sm-Cyclo was recognized as investment accounted for using the equity method following derecognition.

B. Investments in associates:

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

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 Group's industry chain. The Group 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 NTD2,088,913 thousand and NTD1,883,071 thousand, as of December 31, 2019 and 2018, respectively.

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The summarized financial information of the associate is as follows:

	As of December 31,	
	2019	2018
Current assets	\$16,236,514	\$16,896,467
Non-current assets	7,116,714	6,603,916
Current liabilities	(11,572,898)	(11,845,410)
Non-current liabilities	(761,566)	(483,609)
Equity	11,018,764	11,171,364
Proportion of the Group's ownership	27.35%	27.35%
Subtotal	3,013,632	3,055,368
Goodwill	614,638	614,638
Other adjustments	(43,057)	(43,433)
Carrying amount of the investment	<u>\$3,585,213</u>	<u>\$3,626,573</u>

	For the years ended December 31,	
	2019	2018
Operating revenue	\$28,291,303	\$31,796,016
Profit (loss) from continuing operations	56,061	22,014
Other comprehensive income (loss), net of income tax	(142,324)	(55,644)
Total comprehensive income (loss)	(89,263)	(33,630)

Please refer to Note 8 for material investments in associates under pledge.

- (b) Except the associate mentioned above, the other associates were not individually material. As of December 31, 2019 and 2018, the aggregate carrying amount of the Group's interests in the other associates was NTD1,766,724 thousand and NTD1,402,585 thousand, respectively. The aggregate financial information based on Group's share of the other associates is as follows:

	For the years ended December 31,	
	2019	2018
Profit from continuing operations	\$145,731	\$96,546
Other comprehensive income (loss) (post-tax)	921	230
Total comprehensive income (loss)	<u>\$146,652</u>	<u>96,776</u>

The associates had no contingent liabilities or capital commitments and weren't pledged as at December 31, 2019 and 2018.

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(c) Investments in jointly controlled entities

Investments in jointly controlled entities were not individually material. The aggregate financial information of the Group's investments in jointly controlled entities is as follows:

	For the years ended	
	December 31,	
	2019	2018
Profit (loss) from continuing operations	\$(1,514)	\$(5,002)
Other comprehensive income (loss), net of income tax	-	-
Total comprehensive income (loss)	<u>\$(1,514)</u>	<u>\$(5,002)</u>

The joint venture had no contingent liabilities or capital commitments and weren't pledged as at December 31, 2019 and 2018.

- (d) The balances of certain investments accounted for under the equity method that were audited by other independent accountants were NTD3,585,213 thousand and NTD3,626,573 thousand as of December 31, 2019 and 2018, respectively. The balances of share of profit of associates accounted for using equity method that were audited by other independent accountants were NTD (12,009) thousand and NTD2,857 thousand for the years ended December 31, 2019 and 2018, respectively. The balances of share of other comprehensive income (loss) of associates and joint ventures that were audited by other independent accountants were NTD (37,900) thousand and NTD (16,607) thousand as of December 31, 2019 and 2018, respectively.

(10) Property, plant and equipment

	As of December 31,	
	2019	2018 (Note)
Owner occupied property, plant and equipment	\$33,884,314	<u>\$49,536,425</u>
Property, plant and equipment leased out under operating lease	67,340	
Total	<u>\$33,951,654</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.

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A. Owner occupied property, plant and equipment (applicable to the disclosure requirement under IFRS 16)

	Land and land		Machinery	Office	Transportation		Leasehold	Other	Construction	
	Improvements	Buildings	and equipment	equipment	equipment	Leased assets	improvements	Equipment	in progress	
									and	
									equipment	
									awaiting	Total
									examination	
Cost:										
As of January 1, 2019	\$18,739,627	\$31,306,738	\$141,233,492	\$1,993,629	\$284,971	\$572,211	\$4,228,262	\$37,455,578	\$2,426,727	\$238,241,235
Additions	96,223	64,192	1,524,627	34,387	3,797	-	31,711	62,265	321,231	2,138,433
Disposals	(2,575,514)	(209,027)	(7,830,213)	(493,344)	(70,846)	(39,575)	(66,197)	(5,592,378)	(156,151)	(17,033,245)
The sale or contribution of a subsidiary	(56,206)	(2,732,406)	(11,757,973)	(84,808)	(31,168)	-	(3,833,895)	(205,295)	(1,750)	(18,703,501)
Other changes (Note 2)	(1,748,792)	358,500	550,023	283,594	(14,189)	(132,877)	155,246	266,624	(619,787)	(901,658)
As of December 31, 2019	<u>\$14,455,338</u>	<u>\$28,787,997</u>	<u>\$123,719,956</u>	<u>\$1,733,458</u>	<u>\$172,565</u>	<u>\$399,759</u>	<u>\$515,127</u>	<u>\$31,986,794</u>	<u>\$1,970,270</u>	<u>\$203,741,264</u>
Depreciation and impairment:										
As of January 1, 2019	\$(9,237)	\$(13,776,745)	\$(133,373,040)	\$(1,905,530)	\$(251,870)	\$(358,830)	\$(3,118,224)	\$(35,462,660)	\$(448,674)	\$(188,704,810)
Depreciation	(125)	(853,752)	(1,541,157)	(50,142)	(7,355)	(34,560)	(170,390)	(678,281)	-	(3,335,762)
Amortization	(1,901)	-	-	-	-	-	-	-	-	(1,901)
Disposals	29	144,107	7,442,505	486,170	68,387	-	-	5,592,304	-	13,733,502
Impairment	(34,217)	(4,869,299)	(1,893,822)	(320,903)	(3,570)	-	(761,535)	(900,220)	(855,576)	(9,639,142)
The sale or contribution of a subsidiary	31,099	1,530,600	11,681,596	84,642	28,001	-	3,723,979	202,397	-	17,282,314
Other changes (Note 2)	(420)	300,993	341,208	94,813	8,025	100,971	(57,105)	20,364	-	808,849
As of December 31, 2019	<u>\$(14,772)</u>	<u>\$(17,524,096)</u>	<u>\$(117,342,710)</u>	<u>\$(1,610,950)</u>	<u>\$(158,382)</u>	<u>\$(292,419)</u>	<u>\$(383,275)</u>	<u>\$(31,226,096)</u>	<u>\$(1,304,250)</u>	<u>\$(169,856,950)</u>
Net carrying amount as at:										
December 31, 2019	<u>\$14,440,566</u>	<u>\$11,263,901</u>	<u>\$6,377,246</u>	<u>\$122,508</u>	<u>\$14,183</u>	<u>\$107,340</u>	<u>\$131,852</u>	<u>\$760,698</u>	<u>\$666,020</u>	<u>\$33,884,314</u>

Note 1: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.

Note 2: Including transfer from advance payments of equipment, exchanges of rates, reclassification and effects on the changes of consolidated entities.

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B. Property, plant and equipment leased out under operating lease applicable to the disclosure requirement under IFRS 16)

	Office equipment
Cost:	
As of January 1, 2019	\$254,241
Additions	-
Disposals	(39,575)
Other changes	40,134
As of December 31, 2019	\$254,800
Depreciation and impairment:	
As of January 1, 2019	\$(197,433)
Additions	(34,561)
Disposals	39,575
Other changes	4,959
As of December 31, 2019	\$(187,460)
Carry amount :	
Office equipment	\$67,340

C. Property, plant and equipment (applicable to the disclosure requirement under IFRS 16)

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

	Land and land improvements	Buildings	Machinery and equipment	Office equipment	Transportation equipment	Leased assets	Leasehold improvements	Other Equipment	Construction in progress and equipment awaiting examination	Total
Cost:										
As of January 1, 2018	\$20,206,843	\$43,109,169	\$178,782,276	\$2,649,970	\$325,900	\$536,425	\$4,708,826	\$48,645,989	\$12,330,141	\$311,295,539
Additions	-	17,727	153,486	35,235	5,795	-	21,680	950,006	7,022,313	8,206,242
Disposals	-	-	(972,866)	(55,412)	(8,094)	(14,168)	(16,068)	(489,561)	-	(1,556,169)
Other changes (Note)	(1,467,216)	(11,820,158)	(36,729,404)	(636,164)	(38,630)	49,954	(486,176)	(11,650,856)	(16,925,727)	(79,704,377)
As of December 31, 2018	\$18,739,627	\$31,306,738	\$141,233,492	\$1,993,629	\$284,971	\$572,211	\$4,228,262	\$37,455,578	\$2,426,727	\$238,241,235
Depreciation and impairment:										
As of January 1, 2018	\$(6,703)	\$(16,632,669)	\$(147,309,475)	\$(2,362,900)	\$(282,626)	\$(293,883)	\$(3,056,986)	\$(45,263,863)	\$-	\$(215,209,105)
Depreciation	-	(1,501,393)	(5,587,526)	(89,620)	(9,055)	(79,115)	(351,222)	(1,281,159)	-	(8,899,090)
Amortization	(2,534)	-	-	-	-	-	-	-	-	(2,534)
Disposals	-	-	865,513	53,989	7,627	14,168	2,784	452,764	-	1,396,845
Other changes (Note)	-	4,357,317	18,658,448	493,001	32,184	-	287,200	10,629,598	(448,674)	34,009,074
As of December 31, 2018	\$(9,237)	\$(13,776,745)	\$(133,373,040)	\$(1,905,530)	\$(251,870)	\$(358,830)	\$(3,118,224)	\$(35,462,660)	\$(448,674)	\$(188,704,810)
Net carrying amount as at:										
December 31, 2018	\$18,730,390	\$17,529,993	\$7,860,452	\$88,099	\$33,101	\$213,381	\$1,110,038	\$1,992,918	\$1,978,053	\$49,536,425

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Note: Other changes included transfer from advance payments of equipment, changes in exchange rates, reclassification, impairment losses and effects on the changes of consolidated entities.

- A. The Group did not have capitalization of borrowing costs for property, plant and equipment in 2019 and 2018.
- B. Components of buildings, including main building structure, air conditioning units, electronic engineering and elevators were depreciated over 36 years, 5 years, 15 years and 20 years, respectively.
- C. Leased assets under finance leases were pledged solely as security for the bank loans.
- D. Please refer to Note 8 for more details on property, plant and equipment under pledge.
- E. Assets related to Tatung University are described as follows:

The carrying amount of Hsin-She-Gong Building (“the Building”) was NTD106,288 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. As the state of construction and use of Hsin-She-Gong Building in 2019 has met the definition of investment property the Company reclassified it to the investment property from property, plant and equipment. Please refer to Note 6(11).

On May 6, 2016, Shan-Chih Asset Development purchased the land of Hsin-She-Gong Building and completed the transfer of title. The development plans of this building will go with the overall plans of the whole factory area of the Company in the future. And the related issues, such as change of purpose of utilizing the land, urban planning and long-term plans, are still in the communication process between Tatung University and the Education ministry authority.

- F. Part of the lands and land prepayments were held temporarily under third parties’ names because of other reasons. The preservation measures have been taken to protect the assets.
- G. In 2019, impairment loss amounted to NTD230,197 thousand was recongnized, which is to write down the balance of certain property, plant and equipment of the Company to the recoverable amount. This has been recognized in the statement of comprehensive income.

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- H. The Group's subsidiary, Shan-Chih Asset Development Co., disposed of certain real estate to Heshuo Development Co., Ltd. in the amount of NTD7,078,000 thousand in the first quarter. After deducting land value increment tax and related expenses, the gains on disposal of property, plant and equipment of the transaction amounted to NTD5,532,273 thousand. Furthermore, Shan-Chih Asset Development Co. also disposed of its investment property to Highwealth Construction Co. in the amount of NTD4,150,871 thousand (pre-tax) and NTD914,729 thousand (pre-tax) in the third and fourth quarters, respectively. After deducting related expenses, the gains on disposal of property, plant and equipment of the transaction amounted to NTD3,294,486 thousand and NTD667,924 thousand, respectively.
- I. The Group's subsidiary, Shan-Chih Semiconductor Co., recognized impairment loss in the amount of NTD139,672 thousand and NTD99 thousand following writing down certain property, plant and equipment and intangible assets to the recoverable amount. The impairment loss has been recognized in the statement of comprehensive income. The recoverable amount was based on value in use and was determined at the level of the cash generating unit. The cash flows forecast that were used to calculate value in use reflected the demand for products and services. In determining value in use for the cash-generating unit, the cash flows were discounted at a rate of 10.03% on a pre-tax basis.
- J. The court dismissed the motion filed by the Group's subsidiary, Chunghwa Picture Tubes, Ltd. ("CPT"), to restructure the entity on July 29, 2019 and the subsidiary could not apply for extension in accordance with the law. Since CPT's non-financial assets were pledged to many creditors and most of the creditors received the right for compulsory execution who could sell CPT Group's assets without CPT's permission or at a short notice, CPT appointed an external appraiser to measure the recoverable amount of CPT and its subsidiary's assets. According to the appraisal report, CPT recognized impairment loss in the amount of NTD6,372,119 thousand in 2019. Also, CPT and its subsidiary recognized impairment loss in the amount of NTD618,519 thousand in 2018.
- K. Before the Group lost control of GET and its subsidiary, it recognized impairment loss in the amount of NTD2,897,154 thousand following evaluation of its property, plant and equipment based on liquidation value. The assumption of liquidation value included whether the transaction was under stable trading order and whether there was sufficient trading time, the transaction model, number of market participants and auction market prices.

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GET, a subsidiary of the Group, has written down the balance of part of its property, plant and equipment to recoverable amount (the higher of fair value less costs to sell and its value in use) before applying for debt settlement and resulted in impairment loss in the amount of NTD844,246 thousand, which was recognized in statement of comprehensive income. The recoverable amount is valued based on CGU's value of use. The expected cash flow is based on estimates of GET's expected purchase price from certain long-term contracts and demands of products and service. When determining the value of use of the cash generating unit, cash flow is discounted at 10.08%. Also, as mentioned in Note 6(23), GET valued some assets that were expected to be disposed of at fair value less cost of disposal when applying for debt settlement in 2018 as follows:

- (a) Some of the property, plant and equipment in Taiwan has been written down to its recoverable amount and resulted in impairment loss in the amount of NTD405,030 thousand, which was recognized in profit & loss. The recoverable amount is mainly based on cost method, supported by market method, categorized at fair value level 3, taking into consideration the usage rate of the target, useful life, economic life, technical life adjusted by salvage rate. Also, the reasonable present value was estimated by taking into consideration the current status of the target, marketability, original information when acquiring the target, information of comparable and deducting depreciation. If the market condition improves, and it's possible that the value of the assets recovers, the impairment loss could be reversed.
- (b) Some of the property, plant and equipment in China has been written down to its recoverable amount and resulted in an impairment loss in the amount of NTD707,792 thousand, which was recognized in profit & loss. The recoverable amount is measured at net fair value and the fair value is based on net asset method, categorized at fair value level 3. The impairment loss was recognized as the difference between net fair value and the carrying amount. GET has contacted the competent authority in Weifang, China to buy back the land. The buyback price was based on the price of non-industrial land. The application has been filed and would proceed when there is an exact price in the future. If the actual transaction price is higher than the appraised amount, the impairment loss would be reversed.

To support the Group's operation, Ultra Energy (WEIFANG) Technology Co. Ltd, a subsidiary of GET, proposed to dispose of property and land in Weifang district, Shan-tung province as resolved by the board of directors. However, as GET couldn't be sure whether the transaction could be completed within a year, therefore, the property and land were not reclassified as non-current asset held for sale in 2018.

- L. Tatung Fine Chemicals Co., Ltd., a subsidiary of the Group, recognized impairment loss of NTD35,455 thousand of property, plant, and equipment because of not able to generate future cash inflow from certain assets. Such impairment loss had been recognized in comprehensive income statement.



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(11) Investment property

The Group's investment properties include both owned investment properties and investment properties held by the Group as right-of-use assets. The Group has entered into commercial property leases on its owned investment properties with terms of between 1 and 13 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The investment properties held by the Group as right-of-use assets with non-cancellable period of 3 years. Some of these contracts provide the Group options to extend the leases.

The Group has changed the measurement of investment property from cost model to fair value model since 2018.

	For the years ended December 31, 2019			
	Land	Buildings	Right-of-use assets (Note 1)	Total
Cost:				
January 1, 2019	\$24,859,212	\$2,451,410	\$-	\$27,310,622
Apply for IFRS 16	-	-	19,395	19,395
Additions	-	-	-	-
Gain/(loss) from change of fair value	328,600	(19,628)	-	308,972
Other (Note 2)	333,486	184,553	-	518,039
December 31, 2019	<u>\$25,521,298</u>	<u>\$2,616,335</u>	<u>\$19,395</u>	<u>\$28,157,028</u>
	For the years ended December 31, 2018			
	Land	Buildings	Right-of-use assets (Note 1)	Total
Cost:				
January 1, 2018 (restated)	\$27,090,759	\$2,550,254		\$29,641,013
Additions	-	9,134		9,134
Gain/(loss) from change of fair value	612,574	(107,978)		504,596
Other (Note 2)	(2,844,121)	-		(2,844,121)
December 31, 2018	<u>\$24,859,212</u>	<u>\$2,451,410</u>		<u>\$27,310,622</u>

Note 1: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.

Note 2: Other including reclassification from inventory and PPE, transfers and changes in exchange rates.

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As the owner-occupancy rate of Hsin-She-Gong Building was reduced, the building was reclassified from property plant and equipment to investment property according to IAS 40 “Investment property”. As measured at fair value, the Company recognized gain (losses) on revaluation net of tax, which was transferred to investment property recognized under other comprehensive income in the amount of NTD56,942 thousand in 2019.

The Group recognized investment property in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. the Group recognized the transaction as the prepayments for investments property are as follow:

	For the years ended December 31,	
	2019	2018
Self-assessment	\$-	\$315,390
Outsourcing valuation	28,157,028	26,995,232
Total	\$28,157,028	\$27,310,622

The Group recognized investment property in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The dates of the appraise were December 31, 2019 and 2018, respectively.

108.12.31

- A. Chonglian External real estate appraiser firm: Mr Liao
- B. Chunghua External real estate appraiser firm: Mr. Hsieh
- C. Huayuan External real estate appraiser firm: Mr Luo and Mr. Chen
- D. Honda External real estate appraiser firm: Mr. Chen and Ms. Chen
- E. Chen Lon External real estate appraiser firm: Mr Chen
- F. Colliers International External real estate appraiser firm: Mr. Ke.

107.12.31

- A. Chonglian External real estate appraiser firm: Mr. Liao
- B. Chunghua External real estate appraiser firm: Mr. Hsieh
- C. Huayuan External real estate appraiser firm: Mr. Lee and Mr. Chen
- D. The valuation & consultants company limited: Kittikoon Sirichaiyakul

The fair value of the investment property is assessed by the above mentioned external real estate appraiser firm based on current status and market evidence. The assessment methodologies include cash flow discount analysis method of income approach and land development analysis approach. However, the fair value is mostly based on income approach. As for undeveloped land, land development analysis approach would be applied.

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If the assets are held mainly for rental income (such as land, living-office-mixed buildings, office buildings, factories, houses and warehouses), the assessment should take the signed contract and other comparable into consideration. Aside from income approach, the assessment should also be made with direct capitalization method or cash flow discount analysis method.

Land development analysis approach should be applied for assets that might appraise in the future. Also, real estate appraiser firm examined comparable of our subject and took development schedule, liquidity, risk of disposal in the future into consideration to decide income capitalization rate and discount rate. The significant parameters involved in the assessment are as below:

Contract rental fee and rental price on market

	As of December 31,	
	2019	2018
Contract rental fee (3.3 square meter/month/NTD)	\$60~\$2,833	\$60~\$2,798
Market comparable (3.3 square meter/month/NTD)	\$72~\$1,860	\$72~\$1,884

Mainly used parameters

	As of December 31,	
	2019	2018
Direct capitalization rate	0.22%~8.5%	0.23%~8.5%
Income capitalization rate	0.18%~9.5%	0.19%~9.5%
Discount rate of disposal at year-end	1.845%~3.350%	2.122%~2.595%
Discount rate during analysis period	1.845%~3.350%	2.034%~2.595%

	For the years ended December 31,	
	2019	2018
Rental income from investment property	\$461,753	\$427,042
Less: Direct operating expenses from investment property generating rental income (not including depreciation)	(79,702)	(103,193)
Direct operating expenses from investment property not generating rental income (not including depreciation)	-	-
Total	<u>\$382,051</u>	<u>\$323,849</u>

Please refer to Note 8 for more details on investment property under pledge.

For those right-of-use assets leased by operating lease and presented in investment properties, please refer to Note 6(26) for relevant disposal which required by IFRS 16.

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(12) Intangible assets

	Goodwill	Patents and licenses	Computer software	Others Intangible asset	Total
Cost:					
January 1, 2019	\$314,781	\$1,537,467	\$745,387	\$218,903	\$2,816,538
Addition-acquired separately	-	5,170	35,162	-	40,332
Disposals	-	-	(194,273)	-	(194,273)
Loss of control of subsidiary	-	(14,661)	(9,852)	-	(24,513)
Other (Note)	-	14,229	49,458	(9,281)	54,406
December 31, 2019	<u>\$314,781</u>	<u>\$1,542,205</u>	<u>\$625,882</u>	<u>\$209,622</u>	<u>\$2,692,490</u>
Cost:					
January 1, 2018	\$314,781	\$4,179,205	\$852,538	\$207,580	\$5,554,104
Addition-acquired separately	-	26,980	96,276	-	123,256
Disposals	-	(2,632,919)	(58,610)	-	(2,691,529)
Other (Note)	-	(35,799)	(144,817)	11,323	(169,293)
December 31, 2018	<u>\$314,781</u>	<u>\$1,537,467</u>	<u>\$745,387</u>	<u>\$218,903</u>	<u>\$2,816,538</u>
Amortization and impairment:					
January 1, 2019	\$314,781	\$1,517,853	\$739,557	\$153,149	\$2,725,340
Amortization	-	2,584	47,562	1,476	51,622
Disposals	-	-	(194,273)	-	(194,273)
Loss of control of subsidiary	-	(14,661)	(9,852)	-	(24,513)
Other (Note)	-	28,495	32,712	12,309	73,516
December 31, 2019	<u>\$314,781</u>	<u>\$1,534,271</u>	<u>\$615,706</u>	<u>\$166,934</u>	<u>\$2,631,692</u>
Amortization and impairment:					
January 1, 2018	\$314,781	\$3,507,972	\$699,753	\$124,516	\$4,647,022
Amortization	-	149,752	136,010	15,590	301,352
Disposals	-	(2,632,919)	(58,337)	-	(2,691,256)
Impairment	-	517,092	39,534	3,043	559,669
Other (Note)	-	(24,044)	(77,403)	10,000	(91,447)
December 31, 2018	<u>\$314,781</u>	<u>\$1,517,853</u>	<u>\$739,557</u>	<u>\$153,149</u>	<u>\$2,725,340</u>
Net carrying amount as at:					
December 31, 2019	<u>\$-</u>	<u>\$7,934</u>	<u>\$10,176</u>	<u>\$42,688</u>	<u>\$60,798</u>
December 31, 2018	<u>\$-</u>	<u>\$19,614</u>	<u>\$5,830</u>	<u>\$65,754</u>	<u>\$91,198</u>

Note: Other including changes in exchange rates, reclassification and the change of consolidated entities.

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The recognition of amortization for intangible assets are as blow:

	For the years ended December 31,	
	2019	2018
Operating costs	\$6,685	\$12,761
Operating expense (including research and development costs)	44,937	288,591
Total	<u>\$51,622</u>	<u>\$301,352</u>

The recognition of impairment losses for intangible assets please refer to Note 6(10) for more details.

(13) Other non-current assets

	As of December 31,	
	2019	2018
Long-term prepaid rent	(Note)	\$237,644
Advance payments in equipment	\$235,643	84,736
Advance payments in materials	6,948	1,783,903
Refundable deposits	1,011,769	1,054,587
Net Input VAT	-	70,503
Other non-current assets - other	424,441	314,043
Total	<u>\$1,678,801</u>	<u>\$3,545,416</u>

Note: The Group adopted IFRS 16 since 1 January, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

As of December 31, 2018, long-term prepaid rents were for land use rights.

Please refer to Note 9(6) for long-term prepayment of materials arose from signing long-term purchase contracts and prepayment from purchases reclassification to long-term prepayment of materials.

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, 2019 and 2018, land under third parties that had pledged to the Group were both NTD155,224 thousand, and land unsecured were NTD3,478 thousand and NTD4,669 thousand, respectively. For those lands that the Company has not secured its right over them, the Company continues handling the issue proactively.

Please refer to Note 8 for more details on other non-current assets that were pledged as collateral.

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(14) Long-term receivables-net

	As of December 31,	
	2019	2018
Long-term receivables(including related parties)	\$2,117,684	\$784,379
Less: loss allowance	(2,029,831)	(660,674)
Total	<u>\$87,853</u>	<u>\$123,705</u>

The Group derecognized GET and its subsidiary's assets and liabilities from the consolidated financial statements due to loss of control of GET and its subsidiary. Since the Group could not eliminate the related receivable and payable through consolidation process, it recognized loss allowance in the amount of NTD1,728,471 thousand. Please refer to Note 6(24) for more details.

(15) Short-term loans

	Interest Rates (%)	As of December 31,	
		2019	2018
Unsecured bank loans	0.97%~7.40%	\$1,921,354	\$9,433,395
Secured bank loans	1.55%~5.00%	3,614,687	4,612,157
Subtotal		5,536,041	14,045,552
Due to employees	0.12%~0.17%	14,773	15,805
Total		<u>\$5,550,814</u>	<u>\$14,061,357</u>

The Group's unused short-term lines of credits amounted to NTD1,189,423 thousand and NTD2,779,743 thousand, as of December 31, 2019 and 2018, respectively.

Please refer to Note 8 for more details on financial assets.

(16) Short-term notes and bills payable

Guarantors	Interest Rates (%)	As of December 31,	
		2019	2018
Unsecured domestic bills payable	0.65%~3.09%	\$566,000	\$442,180
Less: Unamortized discount		(648)	(273)
Net		<u>\$565,352</u>	<u>\$441,907</u>

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

	As of December 31,	
	2019	2018
Held for trading:		
Derivatives not designated as hedging Instruments		
Foreign exchange forward contracts	\$2,808	\$-
Current	\$2,808	\$-

(18) Long-term deferred revenue

A. Deferred revenue-current

Government grants

	For the years ended December 31,	
	2019	2018
Beginning balance	\$49,794	\$544
Received during the period	2,558	52,366
Recognized in profit and loss	(33,548)	(3,116)
Ending balance	\$18,804	\$49,794

The government grants related to income are recognized as profit when the related cost is recognized as expenses in a systematic manner.

B. Deferred revenue-noncurrent

Government grants

	For the years ended December 31,	
	2019	2018
Beginning balance	\$71,699	\$154,518
Received during the period	18,055	327,438
Recognized in profit and loss	(25,257)	(58,704)
Reclassification	(4,459)	(20,476)
Exchange difference	(1,335)	(6,710)
Transfer out	-	(324,367)
Ending balance	\$58,703	\$71,699

The government grants related to acquiring assets are recognized as profit according to the amortization of the assets.

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(19) Long-term loans

Details of long-term loans as of December 31, 2019 and 2018 are as follows:

A. The Company

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured Long-term loans from King's Town Bank	\$-	\$375,000	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 15 <sup>th</sup> 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	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 15 <sup>th</sup> 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	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 15 <sup>th</sup> 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).



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Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Unsecured long-term loans from King's Town Bank	\$-	\$225,000	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 15 <sup>th</sup> 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 15 <sup>th</sup> 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).
Secured Long-term loans from Bank Sino Pac	29,167	36,944	2.51	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	17,647	22,353	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	206,875	234,458	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	43,542	48,125	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	2.56	Effective June 27, 2017 to November 15, 2019. Since the first use date, principal is repaid in 48 quarterly payments.
Secured Long-term loans from Bank SinoPac	83,125	-	2.56	Effective June 27, 2017 to July 23, 2024. Since the first use date, principal is repaid in 48 quarterly payments.

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Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Unsecured long-term loans from Taiwan Cooperative Bank	\$-	\$1,100,000	2.09	Effective December 19, 2017 to December 29, 2019. The principal will be repaid upon maturity.
Secured long-term loans from Taiwan Cooperative Bank	1,100,000	-	2.25	Effective March 29, 2019 to March 29, 2023. Interest payments dur monthly since the 3 <sup>rd</sup> year use date principal in 8 quarterly payments.
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	600,449	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	20,997	33,099	2.28~2.55	Effective December 29, 2017 to December 29, 2020. The principal will be repaid in 24 monthly payments starting January 31, 2019. The 1 <sup>st</sup> payment will be NTD750 thousand and the 2 <sup>nd</sup> to 23 <sup>rd</sup> payments will be NTD1,032 thousand and the remaining will be repaid on December 29, 2020.
Secured Long-term loans from O-Bank	10,043	16,000	2.28~2.55	Effective September 26, 2018 to December 29, 2020. The principal will be repaid in 24 monthly payments starting January 31, 2019. The 1 <sup>st</sup> payment will be NTD369 thousand and the 2 <sup>nd</sup> to 23 <sup>rd</sup> 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. Since 6 months after the first use date, principal is repaid in 180 monthly 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.
Secured Syndicated loans from Bank of Taiwan	15,390,000	16,200,000	1.93~2.06	Effective December 23, 2016 to December 23, 2021. The 1 <sup>st</sup> repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1 <sup>st</sup> to 4 <sup>th</sup> payments will be 5% and the remaining 80% will be repaid in the 5 <sup>th</sup> repayment.

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Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured Syndicated loans from Bank of Taiwan	\$8,340,000	\$8,600,000	1.93~2.06	Effective December 23, 2016 to December 23, 2021. The company could revolve use loans during the due date . The Maturity date and terms of repayment : The company should repayment the unpaid amount during the due date .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	14,946	0.17	
Subtotal	25,856,791	28,678,972		
Less: unamortized issuing cost	(80,052)	(123,324)		
	25,776,739	28,555,648		
Less: current portion	(2,250,488)	(3,265,330)		
Total	<u>\$23,526,251</u>	<u>\$25,290,318</u>		

Shan-Chih Asset Development Co. guaranteed the Company's long-term loans. As of December 31, 2019 and 2018, the balance of guarantees was NTD27,960,000 thousand and NTD28,800,000 thousand, respectively; the Company's Chairman, Wen-Yen Lin Kuo, guaranteed part of the Company's bank loans.

For the secured syndicated loans from Bank of Taiwan, the Company breached the debt covenant of liability to equity ratio as of June 30, 2019 because the Company recognized the investment loss of CPT and GET, which caused the significant increase in the credit balance of the investment accounted for using equity method (liability account). The Company has obtained waiver letter for the debt covenant on October 18, 2019, therefore there was no immediate repayment of the loans triggered by breach of covenants on December 31, 2019.

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.

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

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B. CPT and its subsidiaries

Lenders	As of December 31,		Interest rate (%) (Note1)	Maturity date and terms of repayment
	2019 (Note3)	2018 (Note 3)		
Administered by Bank of Taiwan (syndicated loans)	\$6,750,000	\$6,750,000	3.05	The first repayment date is six months after the date of this agreement, and each of the ten successive semi-annual dates thereafter. For July 15, 2018 to July 15, 2023 the repayment is NTD750,000 thousand every six month.
Secured Long-term loans from King's Town bank	1,496,546	1,520,136	2.25	(Note 2)
Secured Long-term loans from Bohai International Trust (RMB1,126,590 thousand)	1,951,198	2,296,913	6.60	The one-time repayment will be due on March 24, 2019. (Note 6), (Note 7)
Secured Long-term loans from Bohai International Trust (RMB466,950 thousand)	830,004	885,218	6.40	The one-time repayment will be due on December 27, 2018. (Note 5), (Note 7)
Secured Long-term loans from China Minsheng Bank (RMB420,000 thousand)	-	40,313	5.95	The one-time repayment will be due on December 27, 2018.
Secured Long-term loans from China Railway Trust (RMB388,000 thousand)	757,680	787,657	5.65	The one-time repayment will be due on February 13, 2019. (Note 4)
Subtotal	11,785,428	12,280,237		
Less: unamortized issuing cost	-	-		
	11,785,428	12,280,237		
Less: current portion	(11,785,428)	(12,280,237)		
Total	\$-	\$-		

Note 1: The interest rate are rates before applying financial restructuring on December 13, 2018.

Note 2: CPT entered 3 long-term loans with King's Town bank on October 5, 2018 and provided 10,944,773 shares of the Company and 24,099,974 shares of FD as collateral to secure the loans. However, after CPT applied for financial restructuring on December 13, 2018, King's Town bank sold all of the shares mentioned above in December 2018. The proceeds offset with the principal and related expense and hence the balance of the loan was the sum of the 3 long-term loans.

## TATUNG CO., LTD. AND SUBSIDIARIES

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- Note 3: CPT has applied for financial restructuring and emergent injunction to Taoyuan district court because of financial difficulty on December 13, 2018. Such action has breached the loan contracts and hence all of the long-term loans were reclassified to long-term loans within a year or long-term loans within an operating cycle.
- Note 4: China Railway Group Limited sent letters of advance maturity to inform CPT Group in December 2018 and January 2019 that CPTF Optronics (Shen-Zhen) Co., Ltd. did not pay debt interest on time and the market value of the pledged shares of listed companies' stocks – CPTTG significantly declined following the substantial controller claiming restructure; as a result, the pledged share ratio was higher than the criteria stated in the contract and was not covered on time. As these circumstances constituted default, China Railway Group Limited declared the principal and interest matured in advance and froze the deposit of RMB148 million in China Structure Bank by CPTF Optronics (Shen-Zhen) Co., Ltd. Shen-Zhen Intermediate People's court sent a letter of mediation in March 2019, stating that the disputes of loan contract between China Railway Group Limited and CPTF Optronics (Shen-Zhen) Co., Ltd. met the mediation criteria and a mediator will be assigned for mediation. Later the Shen-Zhen Intermediate People's Court opened a court session on August 21, 2019, CPTF Optronics (Shen-Zhen) Co., Ltd. received civil ruling No. (2019) Yue-03-Min-Chu-832 on October 29, 2019, which issued by Shen-Zhen Intermediate People's Court. CPTF Optronics (Shen-Zhen) Co., Ltd. filed an appeal to Guangdong High Court on November 12, 2019, and has not received a notice of court session so far.
- Note 5: 129.6 million shares were listed in the judicial sale on Alibaba auction website on December 24 and 25, 2019 by Ningde Intermediate People's Court. After that, Xing-Yu Lai, the successful tenderer, raised an objection to the court for the difference between the auction price and the closing price. Ningde Intermediate People's Court cancelled the decision No. (2019) Min- 09- Zhi- 152 it issued on January 20, 2020. The court will auction the shares again on Alibaba auction website from 10:00AM March 30, 2020 to 10:00 AM March 31, 2020 (unless extended).
- Note 6: Bohairtrust Co. sent debt performance verification letter of the first, second and third installments of the loan agreement through Beijing Zhongxin Notary Public Office in January and March 2019 to notify Chunghwa Picture Tubes (Bermuda) Ltd. and CPTF Optronics (Shen-Zhen) Co., Ltd. that they did not pay back debt on time and the Beijing Zhongxin Notary Public Office approved Bohairtrust Co. to dispose of the shares for repay most of loans. Fuzhou Intermediate Court sent the court ruling and notice of performance on July 29 and August 5, 2019, which stated that the second and third installments of the loan have entered compulsory enforcement. Also, 153 million shares were auctioned publicly in the judicial sale website from December 24, 2019 to December 25, but passed in, and second auction was held from February 11, 2019 to February 12 which was also passed in. Furthermore, 27,640,594 shares were sold for the third installment of the loan of Bohairtrust Co. through secondary market and Huarong Securities Co., Ltd. will auction the remaining 14,359,406 shares on March 17,2020.
- Note 7: The long-term loan has been secured by shares of listed companies stocks—CPTTG as a pledge. Please refer to Note6(3) for more details.

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C. SCSC and its subsidiaries

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Unsecured long-term loan from King's Town Bank	\$-	\$373,182	2.52	Started from May 5, 2018, principal is repaid in 26 monthly payments in the amount of NTD15,000 thousand per payment. The last payment will be NTD125,000 thousand.
Unsecured long-term loan from King's Town Bank	-	46,079	2.65	Started from January 21, 2017, principal is repaid in 28 monthly payments in the amount of NTD11,000 thousand per payment. The last payment will be NTD3,000 thousand.
Secured Long-term loans from King's Town Bank	-	100,703	2.65	Started from May 27, 2017, principal is repaid in 26 monthly payments in the amount of NTD13,000 thousand per payment. The last payment will be NTD25,000 thousand.
Secured Long-term loans from King's Town Bank	-	1,064,910	2.59	Started from September 13, 2018, principal is repaid in 20 quarterly payments in the amount of NTD60,000 thousand per payment.
Secured Long-term loans from King's Town Bank	-	754,840	2.59	Started from December 27, 2018, principal is repaid in 20 quarterly payments in the amount of NTD40,000 thousand per payment.
Sales with Buyback Agreements Chailease Finance Co., Ltd.	-	41,451	1.61	Started from April 15, 2018, principal is repaid in 8 quarterly payments in the amount of NTD9,500 per each payment. NTD5,750 thousand for the last payment.
Secured long-term loan from Chailease Finance Co., Ltd.	-	33,533	1.26	Started from September 30, 2018, principal is repaid in 36 monthly payments in the amount of NTD1,153 thousand per each payment.
Sales with Buyback Agreements with Robina Finance & Leasing Corp.		62,310	2.53	Started from April 21, 2018, principal is repaid in 24 monthly payments. NTD4,900 thousand will be repaid for the 1 <sup>st</sup> to 9 <sup>th</sup> periods, NTD4,425 thousand will be repaid for the 10 <sup>th</sup> to 17 <sup>th</sup> periods, and NTD3,650 thousand will be repaid for the 18 <sup>th</sup> to 24 <sup>th</sup> periods.
Secured Long-term loans from Sunnybank finance lease (China) Ltd.	-	20,139	4.87	Started from February 25, 2018, principal is repaid in 24 monthly payments. RMB500 thousand will be repaid for the 1st to 12th periods, RMB350 thousand will be repaid for the 13 <sup>th</sup> to 23 <sup>rd</sup> periods, and RMB150 thousand will be repaid for last period.

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Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured long-term loan from Shanghai commercial & savings bank, Ltd.	-	62,198	3.35	Started from March 29, 2018, principal is repaid in 12 quarterly payments of USD225 thousand. The interest is based on floating rate USD LOBOR(6M) plus 0.75%.
Secured long-term loan from Hotal Finance Co., Ltd.	-	28,336	1.19	Started from June 25, 2018, principal is repaid in 18 monthly payments. NTD3,000 thousand will be repaid for the 1 <sup>st</sup> to 6 <sup>th</sup> periods, NTD2,800 thousand will be repaid for the 7 <sup>th</sup> to 12 <sup>nd</sup> periods, and NTD2,682 thousand will be repaid for the last 6 periods.
Sales with Buyback Agreements with Jih Sun International Leasing and Finance Co., Ltd	-	57,188	3.40	Started from May 30, 2018, principal is repaid in 24 monthly payments of NTD3,560 thousand.
Secured long-term loan from Jih Sun International Leasing and Finance Co., Ltd	-	36,080	3.42	Started from May 30, 2018, principal is repaid in 24 monthly payments of NTD2,226 thousand.
Far Eastern International Bank	-	67,680	1.63	The one-time repayment will be due on December 21, 2019.
Subtotal	-	2,748,629		
Less: current portion	-	(184,704)		
Total	\$-	\$2,563,925		

According to Letter Gong-Zhi-Zi-No. 10701308360 issued by the Industrial Development Bureau, Ministry of Economic Affairs on December 24, 2018, King's Town Bank held a debt negotiation meeting regarding GET's operation, and more than two-thirds of the creditor banks reached an agreement in writing on March 5, 2019. GET later decided to discontinue operation due to operating deficit and ongoing loss. GET resolved to proceed with liquidation at its board meeting held on July 15, 2019 and the resolution was passed at the provisional shareholders' meeting on August 30, 2019. Therefore, the Group derecognized assets and liabilities of GET and its subsidiary from the consolidated financial statements.

As of December 31, 2018, former Chairman Wen-Shan Lin of SCSC was a joint guarantor of the abovementioned long-term loans. Also, for the long-term loan securities provided by SCSC, please refer to Note 8 for more details.

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

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D. FD and its subsidiaries

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured loan from Bank of Panhsin	\$-	\$520,000	1.80	Effective from October 30, 2014 to October 30, 2019. Principal is repaid in 10 semi-annually payments. NTD10,000 thousand will be repaid for the first 19 payments. NTD510,000 thousand will be repaid for the 10 <sup>th</sup> payment. Interest is paid monthly.
Secured loan from Bank of Panhsin	-	200,000	1.80	Effective from October 22, 2018 to April 19, 2019. Principal is repaid in 4 semi-annually payments after first draw. Repay the principal after the expiration to renew. Interest is paid monthly.
Secured loan from Bank of Panhsin	49,590	-	2.25	Effective December 25, 2019 to October 29, 2024. Principal is repaid at maturity with interest payments dur monthly.
Secured loan from Bank of Panhsin	710,000	-	2.25	Effective from October 29, 2019 to October 29, 2024. Principal is repaid in 10 semi-annually payments NTD10,000 thousand will be repaid for the first 19 payment. NTD620,000 thousand will be repaid for the 10 <sup>th</sup> payment. Interest is paid monthly.
Subtotal	759,590	720,000		
Less: current portion	(20,000)	(720,000)		
Total	\$739,590	\$-		

Certain lands and buildings were pledged as first mortgage for secured loans from Bank of Panhsin. Please refer to Note 8 for assets pledged as collateral for long-term loans.

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



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E. Chih-Sheng Realty Co.

Lenders	As of December 31,		Interest rate	Maturity date and terms of repayment
	2019	2018	(%) (Note)	
Secured long-term loan from O-Bank	\$-	\$120,000	1.93	Effective June 30, 2016 to June 30, 2019. Principal is repaid at maturity with interest payments due monthly.
Secured long-term loan from O-Bank	-	100,000	1.93	Effective July 4, 2016 to July 4, 2019. Principal is repaid at maturity with interest payments due monthly.
Unsecured long-term loan from O-Bank	-	30,000	1.93	Effective July 4, 2016 to July 4, 2019. Principal is repaid at maturity with interest payments due monthly.
Unsecured long-term loan from O-Bank	-	10,000	1.93	Effective May 4, 2017 to July 4, 2019. Principal is repaid at maturity with interest payments due monthly.
Unsecured long-term loan from O-Bank	-	40,000	1.93	Effective July 17, 2017 to July 4, 2019. Principal is repaid at maturity with interest payments due monthly.
Secured long-term loans from Bank of Taiwan	245,000	245,000	2.15	Effective from July 20, 2015 to July 20, 2023. Principal is repaid in 24 monthly payments started from the 4 <sup>th</sup> year. NTD5,000 thousand will be repaid for 1 <sup>st</sup> to 24 <sup>th</sup> periods. NTD10,000 thousand will be repaid for 25 <sup>th</sup> to 35 <sup>th</sup> periods, and the remaining would be repaid at maturity.
Subtotal	245,000	545,000		
Less: current portion	-	(300,000)		
Total	<u>\$245,000</u>	<u>\$245,000</u>		

Please refer to Note 8 for assets pledged as collateral for long-term loans.

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

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F. Tatung Die Casting Co.

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Unsecured long-term loan from Hua nan commercial bank	\$-	\$4,375	2.20	Effective November 28, 2014 to November 28, 2019. Principal is repaid in 60 monthly payments of NTD417 thousand with interest payments due monthly
Unsecured long-term loan from Hua nan commercial bank	4,792	7,500	2.20	Effective November 7, 2016 to November 7, 2021. Principal is repaid in 60 monthly payments of NTD208 thousand with interest payments due monthly
Subtotal	4,792	11,875		
Less: current portion	(2,500)	(4,584)		
Total	<u>\$2,292</u>	<u>\$7,291</u>		

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

G. Chunghwa Electronics Investment Co., Ltd.

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured long-term loan from King's Town Bank.	\$-	\$176,000	2.52	Effective from September 2017 to June 2019. Principal is repaid in 21-monthly payments with interest payments due monthly.
Less: current portion	-	(176,000)		
Total	<u>\$-</u>	<u>\$-</u>		

Please refer to Note 8 for assets pledged as collateral for long-term loans.

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

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H. Shan-Chih Asset Development Co.

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured Syndicated loans from Bank of Taiwan	\$-	\$200,000	2.15	Effective June 19, 2018 to April 1, 2020. Principal is repaid at maturity with interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan	-	90,000	2.15	Effective October 18, 2018 to April 1, 2020. Principal is repaid at maturity with interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan	-	190,000	2.15	Effective November 28, 2018 to April 1, 2020. Principal is repaid at maturity with interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan	-	79,000	2.15	Effective December 28, 2018 to April 1, 2020. Principal is repaid at maturity with interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan	-	110,000	2.2	Effective December 28, 2018 to April 1, 2020. Principal is repaid at maturity with interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan	-	50,000	2.2	Effective October 18, 2018 to April 1, 2020. Principal is repaid at maturity with interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan	-	190,000	2.2	Effective December 28, 2018 to April 1, 2020. Principal is repaid at maturity with interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan		210,000	2.2	Effective from June 24, 2016 to April 1, 2020. The principal will be repaid upon maturity. Interest payments due monthly.
Secured Syndicated loans from Yuanta Bank	350,000	-	2.0	Effective February 25, 2019 to February 24, 2024. principal is repaid at maturity with interest payments dur anytime.

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Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured Syndicated loans from Yuanta Bank	1,950,000	-	2.2	Effective February 25, 2019 to February 24, 2024. (interests are due monthly. The principal could be repaid at any time. The first 30 months from the date of the first drawdown is the first period, and every 6 months that follow are deemed a period. The facility is divided into 6 periods. The credit line for the first five periods are reduced at increments of 2.5% and the 6th period will be reduced at 87.5%. If at such time the amount drawn down exceeds the credit line after total decrements, the borrower shall repay the excessive amount in advance.
Unsecured loans from Bank of Taiwan	-	53,000	1.98	Effective May 30, 2018 to June 30, 2019. Principal is repaid at maturity with interest payments due monthly.
Unsecured loans from Bank of Taiwan	-	81,000	1.98	Effective June 11, 2018 to June 30, 2019. Principal is repaid at maturity with interest payments due monthly.
Unsecured loans from Bank of Taiwan	-	185,000	1.98	Effective June 27, 2018 to June 30, 2019. Principal is repaid at maturity with interest payments due monthly.
Unsecured loans from Bank of Taiwan	-	131,000	1.98	Effective November 29, 2018 to June 30, 2019. Principal is repaid at maturity with interest payments due monthly.
Subtotal	2,300,000	1,569,000		
Less: current portion	(1,150,000)	(450,000)		
Total	<u>\$1,150,000</u>	<u>\$1,119,000</u>		

Certain lands were pledged as first mortgage for secured loans from Secured Syndicated loans from Bank of Taiwan. Please refer to Note 8 for assets pledged as collateral for long-term loans.

Yuanta Bank-Certain lands were pledged as first mortgage for secured loans. Please refer to Note 8 for assets placed as collateral for long-term loans.

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

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I. Sheng Yang Energy Co., Ltd.

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured Long-Term loans from Cathay United Commercial Bank Co., Ltd.	\$42,344	\$46,725	2.90	The first repayment date is after the drawdown (September 11, 2018) and interest are paid in 60 monthly payments with the remaining being repaid in the last period. The repayments will be made on 144 monthly payments.
Secured Long-Term loans from Taishin International Bank	-	115,000	2.40	The first repayment date is six months after the drawdown date (September 11, 2018), and the repayments will be made on 180 monthly payments. This loan was fully repaid on April 26, 2019.
Subtotal	42,344	161,725		
Less: current portion	(4,380)	(11,408)		
Total	<u>\$37,964</u>	<u>\$150,317</u>		

Please refer to Note 8 for assets pledged as collateral for long-term loans.

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

J. Tatung Fine Chemicals Co., Ltd. and its subsidiaries

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Land Bank of Taiwan	\$14,100	\$-	2.09	Effective from April 2, 2019 to April 2, 2022, principal is repaid in 36 monthly payment. (non-revolving use)
The First Commercial Bank	11,900	-	2.30	Effective from May 29, 2019 to May 29, 2021, principal is repaid in 24 monthly payments.
Subtotal	26,000	-		
Less: current portion	(14,500)	-		
Total	<u>\$11,500</u>	<u>\$-</u>		

Chairman of Tatung Fine Chemicals Co., Ltd. Y.T. Wu was the joint guarantors of the bank loans.

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

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K. Tatung Medical Healthcare

Lenders	As of December 31,		Interest rate (%) (Note)	Maturity date and terms of repayment
	2019	2018		
Secured long-term loan from Hotal Finance Co., Ltd.	\$947	\$-	1.37	Effective October 25, 2018 to January 25, 2020, principal is repaid in 15 payment terms with interest payments due monthly.
Subtotal	947	-		
Less: current portion	(947)	-		
Total	\$-	\$-		

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(20) Post-employment benefits

Defined contribution plan

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

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

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

Expenses under the defined contribution plan for the years ended December 31, 2019 and 2018 were NTD257,831 thousand and NTD488,929 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15<sup>th</sup> year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 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 and its domestic subsidiaries assess 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 and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

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The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under 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 Group expects to contribute NTD299,401 thousand to its defined benefit plan during the 12 months beginning after December 31, 2019.

As of December 31, 2019 and 2018, the durations of the defined benefits plan obligation of the subsidiaries under the Group were different. The latest years of maturity are 2033 and 2026, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2019 and 2018:

	For the years ended December 31,	
	2019	2018
Current period service costs	\$57,640	\$71,137
Interest income or expense	24,153	64,871
Past service cost	45	6,507
Expected return on plan assets	(14,931)	(29,449)
Total	<u>\$66,907</u>	<u>\$113,066</u>

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

	As of	
	2019.12.31	2018.12.31
Present value of the defined benefit obligation	\$2,493,866	\$4,214,858
Plan assets at fair value	(1,600,664)	(2,619,818)
Subtotal	893,202	1,595,040
Other	2,622	2,622
Other non-current liabilities - net defined benefit liabilities (assets)	<u>\$895,824</u>	<u>\$1,597,662</u>



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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, 2018	\$4,469,098	\$(2,022,716)	\$2,446,382
Current period service costs	71,137	-	71,137
Net interest expense (income)	64,871	(29,449)	35,422
Past service cost and gains and losses arising from settlements	6,507	-	6,507
Subtotal	4,611,613	(2,052,165)	2,559,448
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	4,778	-	4,778
Actuarial gains and losses arising from changes in financial assumptions	98,764	-	98,764
Experience adjustments	(116,194)	-	(116,194)
Return on plan assets	-	(36,439)	(36,439)
Subtotal	(12,652)	(36,439)	(49,091)
Payments from the plan	(292,835)	292,835	-
Benefits paid	(91,268)	-	(91,268)
Contributions by employer	-	(824,049)	(824,049)
As of December 31, 2018	\$4,214,858	\$(2,619,818)	\$1,595,040
Current period service costs	57,640	-	57,640
Net interest expense (income)	24,153	(14,931)	9,222
Past service cost and gains and losses arising from settlements	45	-	45
Subtotal	4,296,696	(2,634,749)	1,661,947
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(488)	-	(488)
Actuarial gains and losses arising from changes in financial assumptions	55,973	-	55,973
Experience adjustments	21,205	-	21,205
Return on plan assets	367	(51,245)	(50,878)
Subtotal	77,057	(51,245)	25,812
Payments from the plan	(1,821,082)	1,821,082	-
Benefits paid	(42,407)	-	(42,407)
Contributions by employer	-	(739,087)	(739,087)
Disposal of subsidiaries	(16,398)	3,335	(13,063)
As of December 31, 2019	\$2,493,866	\$(1,600,664)	\$893,202

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

	As of December 31,	
	2019	2018
Discount rate	0.66%~0.74%	0.84%~1.38%
Expected rate of salary increases	1.00%~2.25%	1.00%~2.25%

A sensitivity analysis for significant assumption as at December 31, 2019 and 2018 is, as shown below:

	Effect on the defined benefit obligation			
	2019		2018	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	\$-	\$58,078	\$-	\$119,957
Discount rate decrease by 0.5%	65,882	-	126,910	-

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.

(21) Provisions

	Sales returns and allowances	Reserve for warranties	Reserve for lawsuit	Decommissioning reserve	Onerous contract	Other short-term provisions	Total
As of January 1, 2019	\$7,782	\$157,924	\$258,715	\$80,404	\$1,493,397	\$-	\$1,998,222
Arising during the period	-	32,772	71,999	19,547	6,919	65,003	196,240
Utilized during the period	(315)	(3,929)	-	-	-	(11,353)	(15,597)
Unused provision reversed	(7,470)	(12,802)	-	-	(418,372)	-	(438,644)
The sale or contribution of a subsidiary	-	(36,316)	(12,995)	(99,951)	-	(16,656)	(165,918)
Effect of exchange rate changes	3	(102)	(5,880)	-	(32,644)	(89)	(38,712)
As of December 31, 2019	\$-	\$137,547	\$311,839	\$-	\$1,049,300	\$36,905	\$1,535,591
Current-December 31, 2019	\$-	\$137,547	\$71,999	\$-	\$-	\$36,905	\$246,451
Non-current-December 31, 2019	-	-	239,840	-	1,049,300	-	1,289,140
As of December 31, 2019	\$-	\$137,547	\$311,839	\$-	\$1,049,300	\$36,905	\$1,535,591

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	Sales returns and allowances	warranties	Reserve for lawsuit	Decommissioning reserve	Onerous contract	Other short-term provisions	Total
As of January 1, 2018	\$-	\$131,570	\$242,544	\$78,960	\$-	\$-	\$453,074
Arising during the period	7,782	70,748	12,995	1,444	1,493,397	-	1,586,366
Utilized during the period	-	(37,933)	(3,015)	-	-	-	(40,948)
Unused provision reversed	-	(6,531)	(1,507)	-	-	-	(8,038)
Effect of exchange rate changes	-	70	7,698	-	-	-	7,768
As of December 31, 2018	<u>\$7,782</u>	<u>\$157,924</u>	<u>\$258,715</u>	<u>\$80,404</u>	<u>\$1,493,397</u>	<u>\$-</u>	<u>\$1,998,222</u>
Current-December 31, 2018	\$7,782	\$157,924	\$12,995	\$-	\$-	\$-	\$178,701
Non-current-December 31, 2018	-	-	245,720	80,404	1,493,397	-	1,819,521
As of December 31, 2018	<u>\$7,782</u>	<u>\$157,924</u>	<u>\$258,715</u>	<u>\$80,404</u>	<u>\$1,493,397</u>	<u>\$-</u>	<u>\$1,998,222</u>

Sales returns and allowances

Sales returns, and allowances are accounted in accordance with IFRS 15.

Warranties

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

Reserve for lawsuit

Provisions have been recognized for estimated legal obligations and relevant cost based on past experience. If the existing obligation is mostly likely to incur and the amount may be reasonably estimated, the provisions for legal matters is to be recognized.

Decommissioning, restoration and rehabilitation reserve

A provision has been recognized for decommissioning costs associated with a factory owned by GET. The Group is committed to decommissioning the site as a result of the construction of the factory.

Long-term provision of onerous contract

Please refer to Note 9 for more details.

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(22)Equities

A. Common stock

As of December 31, 2019 and 2018, 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, 2019 and 2018, 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,	
	2019	2018
Subsidiaries disposed shares of parent company deemed as treasury stock transaction	\$115,169	\$115,169
Share of changes in net assets of associates and joint ventures accounted for using the equity method	3,142,781	3,062,728
Other	105,135	105,135
Total	\$3,363,085	\$3,283,032

According to the Company Act, the capital reserve shall not be used except for making good 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

Chunghwa Picture Tubes Ltd., a subsidiary of the Company, applied for financial structuring, the bank sold 10,945 thousand pledged shares in 2018.

Chunghwa Picture Tubes (Bermuda) Ltd. sold 59,653 thousand shares in 2019. As of December 31, 2019 and 2018, the Company's subsidiaries, CPT and its subsidiaries, held 0 thousand shares and 59,653 thousand shares of the Company's stock, respectively.

As of December 31, 2019 and 2018, the Company's subsidiaries, CPT and its subsidiaries, held 0 thousand shares and 59,653 thousand shares of the Company's stock, respectively.

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Chunghwa Electronics Investment Co., a subsidiary of the Company, sold 333 thousand shares in 2018. As of December 31, 2019, and 2018, Chunghwa Electronics Investment Co., held 0.5 thousand shares and 0.5 thousand shares of the Company, respectively.

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. As of December 31, 2019 and 2018, FD held 4,475 thousand shares and 4,475 thousand shares of the Company's stock, respectively.

As of December 31, 2019, the Company's treasury shares were NTD30,854 thousand, which Chunghwa Electronics Investment Co., held NTD10 thousand and FD held NTD30,844 thousand.

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:

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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.

As of January 1, 2014, special reserve set aside for the first-time adoption of T-IFRS amounted to NTD15,894,690 thousand. Also, the Company disposed of related assets and reversed special reserves of NTD416,657 thousand to retained earnings. In 2018, 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 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. In the shareholders' meeting in prior years, the Company resolved to make up for its losses by special reserve of NTD21,719,645 thousand and to recover the special reserve amounted to NTD124,233 thousand. Unrecovered special reserve amounted to NTD21,595,412 thousand.

Special reserve was amounted to NTD7,738,019 thousand as of December 31, 2019.

Details of the 2018 deficits compensation as approved by the shareholders' meeting on June 17, 2019 is as follows:

	<u>Deficits compensation</u>
	<u>2018</u>
Special reserve to compensate deficits	\$10,243,598

Please refer to Note 6(27) for more details about provision for employees' bonuses and compensation for directors and supervisors.

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E. Non-controlling interests:

	For the years ended December 31,	
	2019	2018
Balance as of January 1	\$(2,074,212)	\$55,726,586
Impact from retrospective application and retrospective restatement	-	12,151
Income (loss) attributable to non-controlling interests	(12,031,340)	(22,650,002)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Actuarial gain (loss) from defined benefit plans	2,091	87,781
Exchange differences resulting from translating the financial statements of a foreign operation	(71,747)	(494,633)
Unrealized gains (losses) from financial assets at fair value through other comprehensive income	(297,471)	(263,693)
Other comprehensive income from investment of associates and joint ventures under equity method	(38,827)	(17,957)
Subsidiaries purchased (disposed) shares of parent company deemed as treasury stock transaction	762,403	827,784
Actual acquisition or disposal of the shares of the subsidiaries	-	(106,090)
Disposal of subsidiaries (losing control)	5,454,830	(34,778,121)
Cash dividends distributed by the subsidiaries	(21,156)	(942,723)
Subsidiaries equity change	315,027	524,705
Balance as of December 31	<u><u>\$(8,000,402)</u></u>	<u><u>\$ (2,074,212)</u></u>

(23) Operating revenue

	For the years ended December 31,	
	2019	2018
Revenue from contracts with customers		
Sale of goods	\$33,490,152	\$57,897,690
Revenue arising from rendering of services	1,432,910	2,184,586
Other operating revenues	32,066	540,449
Subtotal	34,955,128	60,622,725
Leasing revenue	467,887	(Note)
Total	<u><u>\$35,423,015</u></u>	<u><u>\$60,622,725</u></u>

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.

Analysis of revenue from contracts with customers during 2019 and 2018 are as follows:

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A. Disaggregation of revenue

From January 1, 2019 to December 31, 2019.

	Optical	Machinery and energy	Consumer Products	Real Estate Development	Other operating segments	Total
Sale of goods	\$1,507,876	\$17,905,580	\$9,419,794	\$3,607,633	\$1,049,269	\$33,490,152
Rendering of services	-	1,362,667	53	-	70,190	1,432,910
Others	-	8,030	8,056	-	15,980	32,066
<b>Total</b>	<b>\$1,507,876</b>	<b>\$19,276,277</b>	<b>\$9,427,903</b>	<b>\$3,607,633</b>	<b>\$1,135,439</b>	<b>\$34,955,128</b>

Timing of revenue

recognition:

At a point in time	\$1,507,876	\$17,883,256	\$9,427,903	\$3,607,633	\$1,135,439	\$33,562,107
Over time	-	1,393,021	-	-	-	1,393,021
<b>Total</b>	<b>\$1,507,876</b>	<b>\$19,276,277</b>	<b>\$9,427,903</b>	<b>\$3,607,633</b>	<b>\$1,135,439</b>	<b>\$34,955,128</b>

From January 1, 2018 to December 31, 2018. (Restated)

	Optical	Machinery and energy	Consumer Products	Real Estate Development	Other operating segments	Total
Sale of goods	\$24,018,910	\$21,857,844	\$11,056,973	\$533,340	\$430,623	\$57,897,690
Rendering of services	-	1,495,276	1,785	-	687,525	2,184,586
Others	-	141,467	918	53,125	344,939	540,449
<b>Total</b>	<b>\$24,018,910</b>	<b>\$23,494,587</b>	<b>\$11,059,676</b>	<b>\$ 586,465</b>	<b>\$1,463,087</b>	<b>\$60,622,725</b>

Timing of revenue

recognition:

At a point in time	\$24,018,910	\$22,186,133	\$11,059,676	\$586,465	\$1,463,087	\$59,314,271
Over time	-	1,308,454	-	-	-	1,308,454
<b>Total</b>	<b>\$24,018,910</b>	<b>\$23,494,587</b>	<b>\$11,059,676</b>	<b>\$586,465</b>	<b>\$1,463,087</b>	<b>\$60,622,725</b>



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B. Contract balances

(a) Contract assets (include current and non-current)

	As of		
	December 31, 2019	December 31, 2018	January 1, 2018
Sale of goods	\$205,013	\$72,762	\$70,230
Rendering of services	14,064	18,331	3,332
Construction contracts	128,608	197,478	180,903
Energy contracts	3,145	2,429	-
Less: loss allowance	-	-	-
<b>Total</b>	<b>\$350,830</b>	<b>\$291,000</b>	<b>\$254,465</b>

The significant changes in the Group's balances of contract assets during the year ended December 31, 2019 and 2018 are as follows:

	For the years ended December 31,	
	2019	2018
The opening balance transferred to trade receivable	\$(184,431)	\$(186,700)
Change in the measure of progress	244,261	223,235

As of December 31, 2019

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 progress	Construction contracts receivable
Percentage of completion method						
Category A	\$52,115	\$46,397	\$2,850	40%~100%	\$35,836	\$13,411
Category B	6,155,206	5,068,380	(109,309)	29%~100%	4,812,730	146,341
Category C	1,039,002	1,026,870	(125,912)	86%~100%	855,588	45,370
Reclassification (Note 1)	-	-	-		-	(76,514)
<b>Total</b>	<b>\$7,246,323</b>	<b>\$6,141,647</b>	<b>\$(232,371)</b>		<b>\$5,704,154</b>	<b>\$128,608</b>

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As of December 31, 2018

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	0%~100%	\$56,228	\$12,603
Category B	6,179,283	4,667,199	(120,017)	9%~100%	4,374,894	172,288
Category C	1,039,002	696,148	3,983	5%~73%	611,030	89,101
Reclassification (Note 1)	-	-	-		-	(76,514)
<b>Total</b>	<b>\$7,295,407</b>	<b>\$5,430,044</b>	<b>\$(113,900)</b>		<b>\$5,042,152</b>	<b>\$197,478</b>

(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, 2019 and 2018, the above construction projects had not generated construction retainage of construction contracts.

(b) Contract liabilities (include current and non-current)

	As of		
	December 31, 2019	December 31, 2018	January 1, 2018
Sale of goods	\$3,207,443	\$2,837,697	\$2,405,409
Rendering of services and construction contracts	10,252	6,981	1,063
<b>Total</b>	<b>\$3,217,695</b>	<b>\$2,844,678</b>	<b>\$2,406,472</b>

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The significant changes in the Group's balances of contract liabilities during the year ended December 31, 2019 and 2018 are as follows:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
The opening balance transferred to trade receivable	\$(1,306,387)	\$(586,738)
Increase in receipts in advance during the periods (excluding the amount incurred and transferred to revenue during the periods)	1,679,404	1,024,944

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NTD3,217,695 thousand as at December 31, 2019. Management expects that 7%~100% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue in 2020.

The Group's transaction price allocated to unsatisfied performance obligations amounted to NTD2,844,678 thousand as at December 31, 2018. Management expects that 48%~97% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue in 2019.

D. Assets recognized from costs to fulfil a contract

	<u>Beginning balance</u>	<u>Ending balance</u>	<u>Difference</u>
Incremental cost of obtaining contracts	<u>\$438,520</u>	<u>\$279,209</u>	<u>\$(159,311)</u>

The Group expected to collect expenditure paid to agency for selling construction Project D and hence recognized it as asset and amortize it when recognizing revenue from selling property. However, as construction Project D hasn't been completed and hence the Group hasn't amortized related expense.

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(24) Expected credit losses/ (gains)

	For the years ended December 31,	
	2019	2018
Operating expenses		
Notes receivables	\$(21)	\$7
Accounts receivables	613,045	321,223
Non-operating income and expenses		
Other receivable (include long-term)	1,816,444	(16,811)
Related to the gain and loss on disposal of subsidiary (Note)	(1,728,471)	-
Total	<u>\$700,997</u>	<u>\$304,419</u>

Note: Please refer to Note 6(33) for the Group's expected credit loss due to the disposal of Green Energy Technology Inc. and its subsidiaries

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

The credit risk for the Group'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 institutions with good credit rating, the loss allowance is measured at an amount of NTD0 thousand (loss ratio of 0 %).

The Group 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 Group's loss allowance as at December 31, 2019 and 2018 are as follows:

A. The loss allowable of contract assets is measured at an amount equal to lifetime expected credit losses details are as follows:

	As of	
	December 31, 2019	December 31, 2018
Total carrying amount	\$350,830	\$291,000
Expected credit loss rates	0%	0%
Loss allowance	-	-
Carrying amount	<u>\$350,830</u>	<u>\$291,000</u>

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B. The Group considered the receivables by counterparties' credit ratings, by geographical regions and by industry sectors and its loss allowance is measured by using the expected credit loss ratio. The details are as follows:

As of December 31, 2019

Optical:	Not yet due	Overdue			Total
	(Note 1)	<=180 days	180-360 days	>=360 days	
Gross carrying amount	-	-	-	1,375,247	1,375,247
Loss ratio (Note 2)	0.00%	0.00%	0.00%	32.99%	
Lifetime expected credit losses	-	-	-	(453,713)	(453,713)
Subtotal	-	-	-	921,534	921,534
Machinery and energy:	Not yet due	Overdue			Total
	(Note 1)	<=180 days	180-360 days	>=360 days	
Gross carrying amount	2,767,364	190,775	56,386	95,533	3,110,058
Loss ratio (Note 2)	0.00%~19.31%	0.00%~28.33%	0.00%~93.88%	0.00%~96.68%	
Lifetime expected credit losses	(79,290)	(4,997)	(18,491)	(52,020)	(154,798)
Subtotal	2,688,074	185,778	37,895	43,513	2,955,260
Consumer products:	Not yet due	Overdue			Total
	(Note 1)	<=180 days	180-360 days	>=360 days	
Gross carrying amount	883,426	58,465	6,133	74,639	1,022,663
Loss ratio (Note 2)	0.00%~47.76%	0.00%~100%	0.00%	0.00%~100%	
Lifetime expected credit losses	(25,414)	(12,143)	-	(68,795)	(106,352)
Subtotal	858,012	46,322	6,133	5,844	916,311
Real Estate Development	Not yet due	Overdue			Total
	(Note 1)	<=180 days	180-360 days	>=360 days	
Gross carrying amount	18,512	8,366	23,035	14,211	64,124
Loss ratio (Note 2)	0.00%	0.00%~99.02%	0.00%~100%	0.00%~100%	
Lifetime expected credit losses	-	(8,284)	(23,035)	(14,211)	(45,530)
Subtotal	18,512	82	-	-	18,594
Other operating segments:	Not yet due	Overdue			Total
	(Note 1)	<=180 days	180-360 days	>=360 days	
Gross carrying amount	344,956	19,747	3,175	210,167	578,045
Loss ratio (Note 2)	0.00%~0.25%	0.00%~17.67%	0.00%~20.00%	0.00%~100%	
Lifetime expected credit losses	(236)	(2,087)	(369)	(209,929)	(212,621)
Subtotal	344,720	17,660	2,806	238	365,424
Carrying amount					\$5,177,123

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Optical:	Not yet due (Note 1)	Overdue			Total
		<=180 days	180-360 days	>=360 days	
Gross carrying amount	1,157,813	289,751	-	366,187	1,813,751
Loss ratio (Note 2)	0.00%	0%~0.5%	0.00%	0.5%~100%	
Lifetime expected credit losses	-	(288)	-	(366,187)	(366,475)
Subtotal	1,157,813	289,463	-	-	1,447,276
Machinery and energy:	Not yet due (Note 1)	Overdue			Total
		<=180 days	180-360 days	>=360 days	
Gross carrying amount	3,828,452	483,797	490,566	400,298	5,203,113
Loss ratio (Note 2)	0%~14.22%	0.53%~84.35%	20.98%~34.55%	56.90%~100%	
Lifetime expected credit losses	(8,488)	(54,533)	(107,567)	(353,670)	524,258
Subtotal	3,819,964	429,264	382,999	46,628	4,678,855
Consumer products:	Not yet due (Note 1)	Overdue			Total
		<=180 days	180-360 days	>=360 days	
Gross carrying amount	1,020,521	77,589	5,169	92,892	1,196,171
Loss ratio (Note 2)	0.00%	0%~6.61%	0%~49.63%	0%~100%	
Lifetime expected credit losses	-	(1,702)	(620)	(56,570)	(58,892)
Subtotal	1,020,521	75,887	4,549	36,322	1,137,279
Real Estate Development	Not yet due (Note 1)	Overdue			Total
		<=180 days	180-360 days	>=360 days	
Gross carrying amount	17,640	-	-	-	17,640
Loss ratio (Note 2)	0.00%	0.00%	0.00%	0.00%	
Lifetime expected credit losses	-	-	-	-	-
Subtotal	17,640	-	-	-	17,640
Other operating segments:	Not yet due (Note 1)	Overdue			Total
		<=180 days	180-360 days	>=360 days	
Gross carrying amount	516,396	33,500	11,567	219,562	781,025
Loss ratio (Note 2)	0%~0.25%	1.09%~11.26%	13.26%~14.64%	85.10%~100%	
Lifetime expected credit losses	(285)	(645)	(1,610)	(218,833)	(221,373)
Subtotal	516,111	32,855	9,957	729	559,652
Carrying amount					<u>\$7,840,702</u>

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

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

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The movement in the provision for impairment of note receivables, accounts receivables, other receivables, and long-term receivables during 2019 and 2018 are as follows:

	Note receivables	Accounts receivables	Others (Note 2)
As of January 1, 2019	\$64	\$1,170,934	\$1,933,604
Addition/(reversal) for the current period (Note 3)	(21)	613,045	1,816,444
Write off (note 1)	-	(25,496)	(9,726)
Change in subsidiaries due to disposal	-	(823,993)	(71,556)
Effect of exchange rate changes	-	38,481	(32,072)
As of December 31, 2019	<u>\$43</u>	<u>\$972,971</u>	<u>\$3,636,694</u>
As of January 1, 2018 (in accordance with IAS 39)	\$57	\$1,105,734	\$1,955,543
Transition adjustment to retained earnings	-	-	-
As of January 1, 2018 (in accordance with IFRS 9)	57	1,105,734	1,955,543
Addition/(reversal) for the current period	7	321,223	(16,811)
Write off (note 1)	-	(224,537)	(1,532)
Reclassification	-	(20,248)	3,637
Effect of exchange rate changes	-	(11,238)	(7,233)
As of December 31, 2018	<u>\$64</u>	<u>\$1,170,934</u>	<u>\$1,933,604</u>

Note 1: The contract amount of the financial assets that were eliminated but still under recourse during 2019 and 2018 was NTD 0 thousand and NTD173 thousand, respectively.

Note 2: Others include other receivables and long-term receivables.

Note 3: Please refer to Note 6(33) for the loss allowance include in this period due to the disposal of Green Energy Technology Inc. and its subsidiaries.

(29) Net other income (expenses)

	For the years ended December 31,	
	2019	2018
Government grants	\$-	\$40,856
Lease modification loss	(5,934)	-
Total	<u>\$(5,934)</u>	<u>\$40,856</u>

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(26) Leases

(1) Group as a lessee (applicable to the disclosure requirement under IFRS 16)

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from one to fifty years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As of December, 31	
	2019	2018(Note)
Land	\$24,393	
Buildings	1,257,092	
Machinery and equipment	9,778	
Transportation equipment	48,939	
Office equipment	23,881	
Other equipment	1,280	
Total	<u>\$1,365,363</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the year ended December 31, 2019, the Group's additions to right-of-use assets amounted to NTD155,730 thousand.

From January 1, 2019 to August 31, 2019, GET Group, a subsidiary group of the Group, valuated certain property, plant and equipment based on liquidation value and as a result generated valuation gain, which was recognized in the statement of comprehensive income.



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(b) Lease liabilities

	<u>As of December, 31</u>	
	<u>2019</u>	<u>2018(Note)</u>
Current	\$338,920	
Non-current	1,126,621	
Total	<u>\$1,465,541</u>	

Please refer to Note 6 (28) for the interest on lease liabilities recognized during the year ended December 31, 2019 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2019.

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	<u>As of December, 31</u>	
	<u>2019</u>	<u>2018(Note)</u>
Land	\$6,285	
Buildings	271,847	
Machinery and equipment	34,636	
Transportation equipment	5,154	
Office equipment	26,414	
Other equipment	744	
Total	<u>\$345,080</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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C. Income and costs relating to leasing activities

	<u>For the year end December 31</u>	
	<u>2019</u>	<u>2018(Note)</u>
The expenses relating to short-term leases	\$32,902	
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	4,124	
The expenses relating to variable lease payments not included in the measurement of lease liabilities	68,208	
Income from subleasing right-of-use assets	36,198	
Gains or losses arising from sale and leaseback transactions	3,500	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the year ended December 31, 2019, the category of the Group's short-term leases portfolio it commits to was similar to that of the underlying asset related to the short-term lease expenses disclosed above.

D. Cash outflow relating to leasing activities

During the year ended December 31, 2019, the Group's total cash outflows for leases amounting to NTD469,240 thousand.

E. Other information relating to leasing activities

(a) Variable lease payments

Some of the Company's Solar energy equipment construction and photocopier lease contract contain variable payment terms that are power generation and usage amount, which is very common in the industry of the Group.

As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

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(b) Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(2) Group as a lessee - Operating lease commitments (applicable to the disclosure requirement in IAS 17)

The Group has entered into commercial leases on certain motor vehicles and items of machinery. These leases have an average life of one to fifty years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2019 and 2018 are as follows:

	As of December, 31	
	2019 (Note)	2018
Not later than one year		\$641,142
Later than one year and not later than five years		708,804
Later than five years		225,668
Total		<u>\$1,575,614</u>

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Operating lease expenses recognized are as follows:

	<u>For the year end December 31</u>	
	<u>2019 (Note)</u>	<u>2018</u>
Minimum lease payments		<u>\$436,088</u>

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(3) Group as a lessor (applicable to the disclosure requirement in IFRS 16)

Please refer to Note 6 (11) for details on the Group's owned investment properties and investment properties held by the Group as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

The Group has entered into leases on certain machinery and equipment with lease terms range from one to eight years. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	<u>For the year end December 31</u>	
	<u>2019</u>	<u>2018(Note)</u>
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$520,485	
Income relating to variable lease payments that do not depend on an index or a rate	26,987	
Subtotal	<u>547,472</u>	
Lease income for finance leases		
Selling profit or loss	35,220	
Finance income on the net investment in the lease	<u>6,768</u>	
Subtotal	<u>41,988</u>	
Total	<u>\$589,460</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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Please refer to Note 6 (10) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2019 are as follows:

	As of December, 31	
	2019	2018(Note)
Not later than one year	\$527,923	
Later than one year but not later than two years	208,643	
Later than one year but not later than three years	143,210	
Later than one year but not later than four years	103,561	
Later than one year but not later than five years	486,801	
Later than five years	456,164	
Total	\$1,926,302	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16

For finance leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2019 are as follows:

	As of December, 31	
	2019	2018(Note)
Not later than one year	\$384,660	
Later than one year but not later than two years	16,284	
Later than one year but not later than three years	9,296	
Later than one year but not later than four years	3,058	
Later than one year but not later than five years	679	
Later than five years	-	
Total undiscounted lease payments	413,977	
Less: Unearned finance income to finance leases	(12,017)	
Less: loss allowance	-	
Net investment in the lease (Finance lease receivables)	\$401,960	
Current	\$372,643	
Non-current	\$29,317	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16

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- (4) Group as a lessor - Operating lease commitments (applicable to the disclosure requirement in IAS 17)

The Group has entered into commercial property leases with remaining terms of between one and twenty years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2019 and 2018 are as follows:

	As of December, 31	
	2019(Note)	2018
Not later than one year		\$423,759
Later than one year and not later than five years		772,552
Later than five years		418,917
Total		\$1,615,228

There is no contingent rent recognized as income for the year ended December 31, 2019 and 2018, respectively.

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

- (27) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2019 and 2018:

By Nature, By Function	For the years ended December 31,					
	2019			2018		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$2,379,182	\$3,341,833	\$5,721,015	\$5,967,575	\$4,820,202	\$10,787,777
Labor and health insurance	281,531	342,167	623,698	462,419	394,083	856,502
Pension	134,704	190,022	324,726	338,151	263,844	601,995
Other employee benefits expense	88,048	70,606	158,654	246,846	82,086	328,932
Depreciation	2,680,808	1,034,595	3,715,403	7,812,448	1,086,642	8,899,090
Amortization	8,586	44,937	53,523	15,295	288,591	303,886

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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 had net income in 2019. However, there is still accumulated deficits of Special reserve that need to be covered, hence, the Company did not estimate employees' compensation and remuneration to directors and supervisors.

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

(28) Non-operating income and expenses

A. Other income

	For the years ended	
	December 31,	
	2019	2018
Dividend income	\$56,166	\$80,193
Interest income		
Financial assets measured at amortized cost	59,231	607,189
Financial assets at fair value through profit or loss	28,869	28,742
Others	2,288	1,065
Patent licensing income	164,663	169,001
Overdue income	21,804	228,601
Bankrupted distribution income	95,877	69,506
Other income	1,082,881	924,927
Total	<u>\$1,511,779</u>	<u>\$2,109,224</u>

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B. Other gains and losses

	For the years ended December 31,	
	2019	2018
Gains on disposal of property, plant and equipment	\$9,236,597	\$189,315
Gains (losses) on disposal of investments	288,896	(6,531,542)
Gains from disposal of held-for-sale non-current assets	-	13,535
Foreign exchange gains (losses), net	560,854	(1,634,229)
Impairment losses from non-financial assets-property, plant and equipment	(9,639,142)	(3,130,444)
Impairment losses from non-financial assets-other (Note 4)	(277,660)	-
Impairment losses from non-financial assets- intangible assets	(35,234)	-
Gains (losses) on financial assets at fair value through profit or loss (Note 1)	7,098	117,946
Gain (losses) on financial liabilities at fair value through profit or loss (Note 2)	(2,603)	-
Gains on fair value adjustment of investment property	308,972	504,596
loss on long-term purchasing contracts (Note 3)	(929,085)	(1,493,397)
Performance loss	(379,212)	(228,416)
Others	(674,540)	(2,434,493)
Total	<u><u>\$(1,535,059)</u></u>	<u><u>\$(14,627,129)</u></u>

Note 1: Balance were arising from financial assets mandatorily measured at fair value through profit or loss.

Note 2: Balance were arising from held for trading financial liabilities.

Note 3: GET entered into a long-term silicon supply contract with silicon supplier B in 2015. Since GET did not meet the minimum order quantity and pay on time, silicon supplier B calculated the accrued interest at USD29,913 thousand (equivalent to NTD929,085 thousand). GET recognized the expense loss for long-term purchase contacts in the third quarter of 2019. Because the Group derecognized GET on August 30, 2019, the loss on long-term purchase contacts was recognized in the comprehensive income.

Note 4: Because some subsidiaries prepared their financial statements according to the liquidation assumption, these subsidiaries recognized the impairment losses for their inventories based on the liquidation assumption.

The Group recognized gain on disposal of investment due to derecognizing GET. Please refer to Note 6 (33) for more details.



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C. Finance costs

	For the years ended December 31,	
	2019	2018
Interest on borrowings from bank	\$2,002,689	\$3,769,609
Interest on lease liabilities	33,699	(Note)
Others	603,430	192,354
Total finance costs	\$2,639,818	\$3,961,963

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.

(29) Components of other comprehensive income

For the year ended December 31, 2019:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(25,812)	\$-	\$(25,812)	\$1,061	\$(24,751)
Revaluation surplus of real estate	278,767	-	278,767	(11,988)	266,779
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(101,622)	-	(101,622)	(561)	(102,183)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	3,008	-	3,008	-	3,008
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(102,590)	-	(102,590)	7,940	(94,650)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(41,835)	-	(41,835)	-	(41,835)
Total of other comprehensive income	\$9,916	\$-	\$9,916	\$(3,548)	\$6,368

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For the year ended December 31, 2018:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit (expense)	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$49,091	\$-	\$49,091	\$48	\$49,139
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(283,446)	-	(283,446)	(416,294)	(699,740)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,439	-	2,439	-	2,439
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	220,482	-	220,482	(351,315)	(130,833)
Equity related to non-current assets held-for-sale	30,955	-	30,955	-	30,955
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(21,561)	-	(21,561)	(17,956)	(39,517)
Total of other comprehensive income	<u>\$(2,040)</u>	<u>\$-</u>	<u>\$(2,040)</u>	<u>\$(785,517)</u>	<u>\$(787,557)</u>

(30) Income tax

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

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,	
	2019	2018
Current income tax expense:		
Current income tax charge	\$734,533	\$953,654
Adjustments in respect of current income tax of prior periods	(67,353)	40,324
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(364,046)	(329,827)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(27,583)	783,731
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	7,386
Tax expense (income) recognized in the period for previously unrecognized tax loss, tax credit or temporary difference of prior periods	(27)	(136)
Deferred tax liability write-off	(28)	(249)
Total income tax expense	<u>\$275,496</u>	<u>\$1,454,883</u>

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Income tax relating to components of other comprehensive income

	For the years ended	
	December 31,	
	2019	2018
Deferred tax expense (income):		
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	\$561	\$416,294
Exchange differences resulting from translating the financial statements of a foreign operation	(7,940)	351,315
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-	17,956
Actuarial (gains) losses on defined benefits plan	(1,061)	(48)
Revaluation surplus of real estate	11,988	-
Income tax relating to components of other comprehensive income	<u>\$3,548</u>	<u>\$785,517</u>

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

	For the years ended	
	December 31,	
	2019	2018
Accounting income (loss) before tax from continuing operations	<u>\$(8,879,965)</u>	<u>\$(31,838,025)</u>
Tax at the domestic rates applicable to profits in the country concerned	\$(734,216)	\$(9,259,902)
Tax effect of losses (revenues) exempt from taxation	(1,954,529)	(168,783)
Tax effect of expenses not deductible for tax purposes	(1,116,837)	2,263,929
Tax effect of deferred tax assets/liabilities	4,048,676	8,627,062
Adjustments in respect of current income tax of prior periods	2,203	52,940
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	-	(19,078)
Others	30,199	(41,285)
Total income tax expense recognized in profit or loss	<u>\$275,496</u>	<u>\$1,454,883</u>

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Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2019:

	Beginning balance	Deferred tax income (expense)		Disposal of subsidiary	Ending balance
		Deferred tax income (expense) recognized in profit or loss	Deferred tax recognized in other comprehensive income		
Temporary differences					
Deferred tax assets					
Loss from investments accounted for using the equity method	\$610,392	\$(585,493)	\$-	\$-	\$24,899
Unrealised intragroup profits and losses	10,100	(296)	-	-	9,804
Provisions	2,125	(943)	-	-	1,182
Loss allowance	89,406	355,442	-	-	444,848
Unrealized loss on market decline of inventories	392	1,499	-	-	1,891
Employee benefits	2,262	(552)	-	-	1,710
Other	58,865	151,560	-	-	210,425
Unused tax losses	232,664	(15,964)	(561)	(3,549)	212,590
Subtotal	1,006,206	(94,747)	(561)	(3,549)	907,349
Deferred tax liabilities					
Profit from investments accounted for using the equity method	(404,225)	303,454	-	-	(100,771)
Unrealized exchange gains (losses)	(168,965)	(2,228)	-	149	(171,044)
Accrued pension liabilities	(40,535)	(25,702)	1,061	-	(65,176)
Exchange differences resulting from translating the financial statements of a foreign operation	(46,476)	3,023	7,940	-	(35,513)
Reserve for land revaluation	(5,978,814)	263,893	(11,988)	-	(5,726,909)
Other	(81,075)	(56,009)	-	-	(137,084)
Subtotal	(6,720,090)	486,431	(2,987)	149	(6,236,497)
Deferred tax (expense)/income		391,684	(3,548)	(3,400)	
Net deferred tax assets/(liabilities)	<u>\$(5,713,884)</u>				<u>\$(5,329,148)</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$1,006,206</u>				<u>\$907,349</u>
Deferred tax liabilities	<u>\$(6,720,090)</u>				<u>\$(6,236,497)</u>

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	Beginning balance (restated)	Deferred tax income (expense)			Exchange differences	Ending balance
		Deferred tax income (expense) recognized in profit or loss	Deferred tax recognized in other comprehensive income	Transfer out from non-consolidated entity		
Temporary differences						
Deferred tax assets						
Revaluations of available-for-sale investments						
to fair value	\$344,346	\$-	\$(344,346)	\$-	\$-	\$-
Impairment on property, plant and equipment	61,743	(61,827)	-	-	84	-
Loss from investments accounted for using the equity method	462,453	147,939	-	-	-	610,392
Unrealised intragroup profits and losses	10,250	(150)	-	-	-	10,100
Provisions	2,774	(649)	-	-	-	2,125
Loss allowance	159,913	(70,589)	-	(40)	122	89,406
Unrealized loss on market decline of inventories	213,493	(211,420)	-	(1,901)	220	392
Employee benefits	3,653	(1,391)	-	-	-	2,262
Impairment on prepayments	14,034	(14,034)	-	-	-	-
Other	43,616	112,602	-	(96,352)	(1,001)	58,865
Unused tax losses	1,644,610	(1,413,002)	(1,603)	1,150	1,509	232,664
Subtotal	2,960,885	(1,512,521)	(345,949)	(97,143)	934	1,006,206
Deferred tax liabilities						
Profit from investments accounted for using the equity method	(479,350)	75,125	-	-	-	(404,225)
Unrealized exchange gains (losses)	(266,434)	97,469	-	-	-	(168,965)
Accrued pension liabilities	32,240	(72,775)	-	-	-	(40,535)
Exchange differences resulting from translating the financial statements of a foreign operation	(236,317)	628,580	(438,739)	-	-	(46,476)
Reserve for land revaluation	(6,316,720)	331,658	-	-	6,248	(5,978,814)
Other	(71,805)	(8,441)	(829)	-	-	(81,075)
Subtotal	(7,338,386)	1,051,616	(439,568)	-	6,248	(6,720,090)
Deferred tax (expense)/income		(460,905)	(785,517)	(97,143)	7,182	
Net deferred tax assets/(liabilities)	<u>\$ (4,377,501)</u>					<u>\$ (5,713,884)</u>
Reflected in balance sheet as follows:						
Deferred tax assets	<u>\$2,960,885</u>					<u>\$1,006,206</u>
Deferred tax liabilities	<u>\$ (7,338,386)</u>					<u>\$ (6,720,090)</u>

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

Year	Tax losses for the period	Unused tax losses as of December 31,		Expiration year
		2019	2018	
2019	\$1,675,716	\$484,048	\$-	2029
2018	7,393,100	6,871,397	10,180,305	2028
2017	1,619,249	1,302,780	3,004,328	2027
2016	1,571,896	934,768	4,351,360	2026
2015	9,171,113	8,742,954	11,889,324	2025
2014	4,829,815	4,425,629	7,261,183	2024
2013	1,858,402	1,747,454	5,222,200	2023
2012	11,889,002	11,639,533	14,864,689	2022
2011	10,583,784	10,580,729	12,321,405	2021
2010	18,575,667	17,954,471	18,202,239	2020
2009	32,992,920	32,838,031	33,076,304	2019
	<u>\$102,160,664</u>	<u>\$97,521,794</u>	<u>\$120,373,337</u>	

Unrecognized deferred tax assets

As of December 31, 2019, and December 31, 2018, the Group's unrecognized deferred tax assets amounted to NTD25,951,682 thousand and NTD30,738,024 thousand, respectively.

The assessment of income tax returns

As of December 31, 2019, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	<u>The assessment of income tax returns by tax authorities</u>	<u>Note</u>
The Company	Assessed and approved up to 2016	
Subsidiary-SCAD	Assessed and approved up to 2016	
Subsidiary-CPT	Assessed and approved up to 2018	
Subsidiary-SCSC	Assessed and approved up to 2017	
Subsidiary-FD	Assessed and approved up to 2017	
Subsidiary-TSTI	Assessed and approved up to 2017	
Subsidiary-TFC	Assessed and approved up to 2017	

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(31) Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (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	
	2019	2018
Basic and diluted earnings (loss) per share:		
Income (loss) attributable to ordinary equity holders of the Company (in thousands of NTD)	\$2,875,879	\$(10,642,906)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in thousands)	2,310,335	2,238,595
Basic and diluted income (loss) per share (in dollars of NTD)	\$1.24	\$(4.75)

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. The Company did not estimate employee compensation and remuneration for the directors and supervisors and hence there is no dilution effect on earnings per share.

(32) Changes in parent's interest in subsidiaries

Acquisition of shares issued by subsidiaries

New Kingston Enterprises Limited, a subsidiary of the Group transferred its 13.46% shares in FVD, subsidiary of CPT, to CPTF Optronics Co., Ltd., subsidiary of CPT in January 2018. Hence, the comprehensive holding percentage of CPT towards FVD decreased from 29.74% to 19.83%. The cash consideration received from non-controlling interest shareholders amounted to NTD40,026 thousand. The book value of net asset of FVD (the original cost without goodwill) amounted to NTD43,669 thousand. The difference between the actual acquisition or disposal price and the book value, amounting to NTD3,634 thousand, was recognized under the equity accounts.

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CPTF Optronics Co., Ltd., subsidiary of the Group, purchased 24.81% of shares of FVD, subsidiary of CPT, from Forward Development Co., Ltd. in March 2018. Hence, the comprehensive holding percentage of CPT towards FVD increased from 19.83% to 26.37%. The cash consideration paid amounted to NTD105,948 thousand. The book value of the acquired shares of FVD amounted to NTD120,303 thousand. The difference between the actual acquisition or disposal price and the book value, amounting to NTD14,355 thousand, was recognized under the equity accounts in proportion to ownership interest.

The above equity charges recognized by subsidiaries were then recognized by the Company according to its combined proportion of ownership interest over these subsidiaries.

(33) Disposal of subsidiaries

CPT

Upon CPT evaluated the current status, relationship and interaction with CPTTG comprehensively according to IFRS 10, it deemed that it no longer has control over CPTTG and no ability to direct the relevant activities of CPTTG. Therefore, CPTTG and its subsidiaries were no longer subsidiaries of the Company as of the end of 2018.

A. Consideration of disposal

According to IFRS 3, when an acquirer obtains control of a business, such business combinations are accounted for using the acquisition method, which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. However, CPT did not receive the consideration actually because CPT lost control over CPTTG based on the specific situation mentioned above.

B. Analysis of assets and liabilities of CPTTG as of the date losing control

	As of December 31, 2018
Current assets (including cash and cash equivalents NTD96,321 thousand)	\$43,733,663
Non-current asset	56,519,152
Total assets	<u>100,252,815</u>
Current liabilities	(41,042,223)
Non-current liabilities	(11,316,279)
Total liabilities	<u>(52,358,502)</u>
Net assets of CPTTG	47,894,313
Carrying value of non-controlling interest	(333,121)
Net disposal assets	<u><u>\$47,561,192</u></u>



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C. Loss on disposal of subsidiary

	For the years ended December 31, 2018
Consideration collected	\$6,103,315
Net disposal assets (The Group calculates based the comprehensive holding percentage)	(12,541,886)
Cumulative exchange difference reclassified from equity to profit & loss because the parent lost control of the subsidiary	(819,947)
Loss on disposal of subsidiary	<u><u>\$(7,258,518)</u></u>

D. Cash outflow of disposal of subsidiary

	As of December 31, 2018
Consideration collected	\$-
Balance of cash and cash equivalents of disposal	(11,347,986)
	<u><u>\$(11,347,986)</u></u>

GET

According to IFRS 10 and related questions and answers issued, Green Energy Technology Co., Ltd. (“GET”), was resolved for dissolution and liquidation at the provisional shareholders’ meeting on August 30, 2019, and the liquidator took office on the same day, as the Group lost control of GET, therefore GET and its subsidiaries were no longer subsidiaries of the Group on the day.

A. Consideration collected

According to IFRS 3, when an acquirer obtains control of a business, such business combinations are accounted for using the acquisition method, which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. However, the Group did not receive the consideration actually.

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B. Analysis of assets and liabilities of GET as of the date losing control

	108.8.30
Current assets	\$560,680
(including cash and cash equivalents NTD96,321 thousand)	
Non-current	3,251,462
Total assets	<u>3,812,142</u>
Current liabilities	(7,623,655)
Non-current liabilities	<u>(4,020,011)</u>
Total liabilities	<u>(11,643,666)</u>
Net assets of GET	(7,831,524)
Carrying value of non-controlling interest	<u>(97,039)</u>
Net disposal assets	<u><u>\$(7,928,563)</u></u>

C. Loss (Gain) on disposal of subsidiary

	108.1.1~
	<u>108.8.30</u>
Consideration collected	\$-
Net disposal assets	3,001,871
(The Group calculates based the comprehensive holding percentage)	
Other comprehensive income reclassified from equity to profit & loss because the parent lost control of the subsidiary	(196,723)
Total gain on disposal of investment	<u>2,805,148</u>
Expected credit losses (Note 1)	(1,728,471)
Expense loss for long-term purchase contracts (Note 2)	<u>(1,086,951)</u>
Net loss on disposal of investment	<u><u>\$(10,274)</u></u>

Note 1: According to the accounting standards of the Group, when disposal of subsidiary, it is necessary to evaluate the claims of these excluded subsidiaries in the accounts of the Group and recognize the expected credit impairment losses.

Note 2: Since there are still other subsidiaries of the Group that may have obligations for these contracts, the liability is not excluded.

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D. Cash outflow of disposal of subsidiary

	108.8.30
Consideration collected	\$-
Balance of cash and cash equivalents of disposal	(96,321)
	\$(96,321)

(34) Subsidiaries that have material non-controlling interests

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

A. Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and operation	For the years ended December 31,	
		2019	2018
CPT Group	Taiwan	60.33%	59.88%
SCSC Group	Taiwan	(Note)	42.92%

The holding percentage mentioned above is disclosed as the comprehensive holding percentage. Both of the companies mentioned above own subsidiaries, and thus the financial information mentioned below is consolidated financial information.

Green Energy Technology Co., Ltd. (“GET”), was resolved for dissolution and liquidation by the provisional shareholders’ meeting on August 30, 2019. As the SCSC Group lost control, for the Group, it no longer has significant non-controlling interests.

B. Accumulated balances of material non-controlling interest:

	As of December 31,	
	2019	2018
CPT Group	\$(10,251,452)	\$(2,731,519)
SCSC Group	(Note)	(1,727,373)

Green Energy Technology Co., Ltd. (“GET”), was resolved for dissolution and liquidation by the provisional shareholders’ meeting on August 30, 2019. As the SCSC Group lost control, for the Group, it no longer has significant non-controlling interests.

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C. Profit/(loss) allocated to material non-controlling interest:

	For the years ended	
	December 31,	
	2019	2018
CPT Group	\$(7,212,458)	\$(1,727,373)
SCSC Group	(Note)	(6,346,003)

Green Energy Technology Co., Ltd. (“GET”), was resolved for dissolution and liquidation by the provisional shareholders’ meeting on August 30, 2019. As the SCSC Group lost control, for the Group, it no longer has significant non-controlling interests.

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss for the year ended December 31, 2019:

	CPT Group
Operating revenue	\$1,507,877
Profit of (loss) for the period from continuing operations	(11,955,010)
Total comprehensive income for the period	(12,431,924)

Summarized information of profit or loss for the year ended December 31, 2018:

	CPT Group	SCSC Group
Operating revenue	\$24,020,005	\$6,429,035
Profit of (loss) for the period from continuing operations	(25,282,861)	(7,502,124)
Total comprehensive income for the period	(25,098,165)	(7,703,148)

D. Summarized information of financial position as of December 31, 2019:

	CPT Group
Current assets	\$3,015,714
Non-current assets	17,787,206
Current liabilities	37,373,968
Non-current liabilities	421,247

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Summarized information of financial position as of December 31, 2018:

	<u>CPT Group</u>	<u>SCSC Group</u>
Current assets	\$5,346,131	\$2,333,748
Non-current assets	28,224,983	7,577,578
Current liabilities	37,123,282	7,374,991
Non-current liabilities	1,009,487	4,208,420

Summarized cash flow information for the year ended December 31, 2019:

	<u>CPT Group</u>
Operating activities	\$(1,962,048)
Investing activities	1,852,035
Financing activities	(395,596)
Net increase/(decrease) in cash and cash equivalents	(701,609)

Summarized cash flow information for the year ended December 31, 2018:

	<u>CPT Group</u>	<u>SCSC Group</u>
Operating activities	\$(9,079,822)	\$(615,391)
Investing activities	(12,511,542)	507,615
Financing activities	(2,946,766)	(302,168)
Net increase/(decrease) in cash and cash equivalents	(24,430,923)	(399,481)

(35) Significant purchase agreements of technology and materials

<u>Contracting party</u>	<u>The term of the contract</u>	<u>The content of repayment</u>
<u>Technology agreement</u>		
Samsung Display Co., Ltd. (SDC)	January 2014   December 2023	1. Authorized to use patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Mitsubishi Electric Corporation (MELCO)	July 2015   June 2020	1. Authorized to use patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.

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Contracting party	The term of the contract	The content of repayment
Japan Display Inc.	January 2017   December 2021	1. Authorized to use patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
LG. Display Co., Ltd.	March 2015   March 2022	1. Authorized to use patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Hydis Technology Co., Ltd.	November 2012   October 2022	1. Authorized to use the patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Vibrant Display Technology CO., Ltd.	July 2017   June 2022	1. Authorized to use the patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Industrial Technology Research Institute	August 5, 2015   August 4, 2030	1. Authorized to use the patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
<u>Purchase agreement of materials</u>		
Corning Display Technologies Taiwan Co., Ltd (Corning Taiwan)	January 2017   December 2021	1. Corning Taiwan will guarantee to supply materials of TFT-LCD to CPT. 2. Required to make prepayments on installment basis to Corning Taiwan to be deducted from subsequent purchase.

Please refer to Note 9 for other purchase agreements.

(36) The subsidiary, TUS, applied for company reorganization to the District Court for the Central District of California located in Los Angeles, and the court opened a court session on October 2, 2019. The reason TUS applied for reorganization was that TUS and GET signed a poly-silicon material supply contract for purchase assistance, however, the price of silicon material slumped and forced GET to apply for liquidation. For the content of the poly-silicon material supply contract, please refer to Note 9.6(3) for more details.

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7. Related party transactions

Related parties that have transactions with the Group during the financial reporting period:

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
Tatung Okuma Co., Ltd.	Associates
Elitegroup Computer Systems Co., Ltd.	Associates
Elitegroup Technology (Thailand) Co., Ltd.	Associates
Taiwan Nissei Display System Co., Ltd	Associates (Note 2)
Tatung Cranes (Shanghai) Co., Ltd	Associates
Kunde (wujiang) Plastic Technology Co., Ltd.	Associates
Kuender Co., Ltd.	Associates
Kuender (Wujiang) Electronic parts Co., Ltd.	Associates
Ufeco (Wujiang) Technology Inc	Associates
Nature Worldwide Technology Corp.	Associates
Hsieh-Chih Industrial Library Publishing Co.	Associates
Huai-Jie (Wujiang) Plastic Processing Technology Co., Ltd.	Associates
Chung-Tai Technology Development Engineering Co.	Associates
Gintung Energy Co., Ltd.	Associates (Note 6)
Weifang Great Energy Trading Co., Ltd.	Associates (Note 6)
Tatung SM-Cycle Co.,	Associates (Note 7)
I-Torch Technology Corp.	Associates
LIN HTET LIN COMPANY LIMITED	Joint venture
Tatung Middle East Purification of Potable Water L.L.C.	Joint venture
The Employee Welfare Committee of Tatung System Technologies Inc. (“TSTI”)	Other related party
The United Employees’ Welfare Committee of Tatung	Other related party
Affiliate Union of Tatung Company	Other related party
The Employee Welfare Committee of Forward Electronics Co., Ltd. (“FD”)	Other related party
United Renewable Energy Co., Ltd.	Other related party (Note 4)
The Employee Welfare Committee of Tatung Company	Other related party
Association of GET (Taoyuan)	Other related party

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Name of related parties	Relationship with the Company
Nanjin Global Technology Co., Ltd.	Other related party
Association of Tatung Consumes Produces (Taiwan) Co., Ltd.	Other related party
CPTF Optronics Co., Ltd.	Other related party (Note 3)
CPTF Visual Display (Fuzhou) Ltd. (“FVD”)	Other related party (Note 3)
Chunghwa Picture Tubes (Wujiang) Ltd. (“CPTW”)	Other related party (Note 3)
The Joint Welfare Committee of Tatung	Other related party
The Employee Welfare Committee of Tatung Fine Chemicals Co., Ltd.	Other related party
Association of Tatung Company (Taoyuan)	Other related party
The Employee Welfare Committee of Tatung Consumes Produces (Taiwan) Co., Ltd.	Other related party
Chunghwa Picture Tubes Technology (Group) Co., Ltd. (“CPTTG”)	Other related party (Note 3)
Vibrant Display Technology CO., Ltd.	Other related party (Note 3)
Fuzhou YingYuan Equity Investment Management Co., Ltd.	Other related party (Note 3)
Huallar Optronics (Fuzhou) Co. Ltd.	Other related party (Note 3)
DDD3Empire	Other related party (Note 3)
Huajiayuan Co., Ltd.	Other related party (Note 3)
CPT TPV Optical (Fujian) Co., Ltd.	Other related party (Note 3)
Kornerstone Materials Technology Co. Ltd.	Other related party (Note 3)
Chunghwa Picture Tubes Technology (Labuan) Ltd. (“CPTTG(L)”)	Other related party (Note 3)
Lin, Wei-Shan	Other related party (Note 5)
Lin, Kuo Wen-Yen	Director

Note 1: 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 2: 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 holding percentage of Taiwan Nissei Display System Co., Ltd was 0% as of December 31, 2018.

Note 3: CPTTG and its subsidiaries are no longer subsidiaries of the Group from December 31, 2018.

Note 4: Gintech Energy Corporation has changed its name to United Renewable Energy Co., Ltd. On December 10, 2018.

Note 5: Who is the spouse of the Group’s director.

Note 6: Gintech Energy Corporation and Weifang Great Energy Trading Co., Ltd. are no longer the subsidiaries of the Group from August 30, 2019 but are associates of the Group.

Note 7: Tatung SM-Cycle Co. is no longer the subsidiaries of the Group since the fourth quarter of 2019 but an associate of the Group.



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Significant related party transactions

(1) Sales

	For the years ended	
	December 31,	
	2019	2018
Entity with joint control or significant influence over the Group		
Tatung University	\$54,069	\$44,849
Other	4,945	5,231
Associates		
Tatung Okuma Co., Ltd.	50,007	75,364
Other	23,386	7,276
Joint venture	1,031	-
Other related parties		
United Renewable Energy Co., Ltd.	-	95,391
CPTF Visual Display (Fuzhou) Ltd. (“FVD”)	53,070	-
Other	33,018	3,497
Total	<u>\$219,526</u>	<u>\$231,608</u>

A. The Company

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.

B. Significant subsidiaries

There were no significant differences between selling prices to related parties and prices to arm’s length customers. The comparison of collection terms between related parties and arm’s length customers is summarized as follows:

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		For the years ended December 31,			
		2019		2018	
Company	Region	Related parties	General supplier	Related parties	General supplier
CPT and its subsidiaries	Overseas	O/A 30-180 days	T/T in advance	O/A 30-180 days	T/T in advance L/C 60 days at sight O/A 30-90 days
	Domestic	(Note)	T/T in advance	O/A 30-180 days	T/T in advance
SCSC and its subsidiaries	Overseas	O/A 60 days	O/A 30 days	O/A 60 days	Period closing date 30-
		T/T 45-90 days	Period closing date	T/T 90 days	45 days T/T in advance
			30~45 days		T/T 3-90 days
			T/T in advance		L/C at sight L/C 30days
		T/T 45~90 days			30% T/T in advance, and 70% T/T 15-20 days after receipt
	Domestic	O/A 30-60 days	Period closing date	T/T 30 days , T/T 90	T/T in advance
		T/T in advance	30~120 days	days	T/T 7~90 days
			T/T 45-90 days	O/A 120 days	O/A 30-120 days
			T/T in advance	T/T in advance	
FD and its subsidiaries	Overseas	O/A 30-150 days	O/A 60-150 days Or L/C SIGHT	O/A 30-150 days	O/A 60-150 days Or L/C SIGHT
	Domestic	Cash collection at period closing date Or TT or O/A 30-150 days	O/A 30-120 days	Cash collection at period closing date Or TT or O/A 30-150 days	O/A 30-120 days
Tatung System Technologies Inc. and its subsidiaries	Overseas	O/A 30-90 days	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days
	Domestic	O/A 30-90 days	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days

Note: CPT and its subsidiaries did not sell goods to domestic related parties for the years ended December 31, 2019.

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(2) Purchase

	For the years ended December 31,	
	2019	2018
Entity with joint control or significant influence over the Group	\$1,412	\$-
Associates		
Elitegroup Computer Systems Co., Ltd.	453,278	492,497
Gintung Energy Co.,	55,045	(Note)
Other	15,287	22,694
Total	<u>\$525,022</u>	<u>\$515,191</u>

Note: Gintung Energy Corporation was no longer a subsidiary of the Group on August 30, 2019; however, the Group recognized it as investments accounted for under the equity method on August 30, 2019 due to having significant control over Gintung Energy Corporation.

A. The Company

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.

B. Significant subsidiaries

There are no significant differences between purchasing prices from related parties and prices to arm's length suppliers. The comparison of payment terms between related parties and arm's length suppliers is summarized as follows:

Company	Region	For the years ended December 31,			
		2019		2018	
		Related parties	General supplier	Related parties	General supplier
CPT and its subsidiaries	Overseas	T/T in advance	T/T in advance	T/T 30-360 days	L/C 30-180 days T/T 30-360 days
	Domestic	T/T in advance	T/T in advance	30-90 days after QC	30-210 days after QC
FD and its subsidiaries	Overseas	T/T 30-150 days after QC or DA 120 days	T/T 30-150 days after QC or L/C	T/T 30-150 days after QC or DA 120 days	T/T 30-150 days after QC or L/C
	Domestic	30-120 days after QC	30-120 days after QC	30-120 days after QC	30-120 days after QC
Tatung System Technologies Inc. and its subsidiaries	Overseas	30-60 days after QC	30-60 days after QC	30-60 days after QC	30-60 days after QC
	Domestic	O/A 60-90 days	O/A 30-60 days	O/A 60-90 days	O/A 30-90 days

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(3) Accounts receivable – related parties

	As of December 31,	
	2019	2018
Entity with joint control or significant influence over the Group	\$3,784	\$1,614
Associates	13,774	11,529
Joint venture	-	1,239
Other related party		
CPTF Optronics Co., Ltd.	867,764	880,855
Vibrant Display Technology CO., Ltd.	35,252	134,081
Other	1,649	119,963
Subtotal (Total Book Value)	922,223	1,149,281
Less: loss allowance	(1)	(41,764)
Net	<u>\$922,222</u>	<u>\$1,107,517</u>

(4) Others receivable – related parties (include current and non-current)

	As of December 31,	
	2019	2018
Entity with joint control or significant influence over the Group	\$283	\$878
Associates	6,967	14,661
Joint venture	-	152
Other related party		
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	317,215	329,082
Vibrant Display Technology CO., Ltd.	186,162	-
Other	17,444	832
Subtotal (Total Book Value)	528,071	345,605
Less: loss allowance	(40,683)	(3,758)
Net	487,388	341,847
Non-current portion	(6,708)	(417)
Current portion	<u>\$480,680</u>	<u>\$341,430</u>

(5) Accounts payable – related parties

	As of December 31,	
	2019	2018
Entity with joint control or significant influence over the Group	\$1,012	\$3
Associates	164,385	177,513
Other related party		
CPTF Optronics Co., Ltd.	6,560,093	6,720,922
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	6,149,911	6,300,689
Other	3,133	3,210
Total	<u>\$12,878,534</u>	<u>\$13,202,337</u>

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(6) Other payable related parties

	As of December 31,	
	2019	2018
Entity with joint control or significant influence over the Group	\$585	\$224
Associates	23,028	7,890
Other related parties		
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	258,310	39,581
CPTF Optronics Co., Ltd.	245,878	27,278
Chunghwa Picture Tubes (Wujiang) Ltd.	30,815	31,571
Other	17,639	11,924
Total	<u>\$576,255</u>	<u>\$118,468</u>

(7) Prepayments

	108.12.31	107.12.31
Entity with joint control or significant influence over the Group	\$-	\$20,893
Associates		
Gintung Energy Co.,	127,491	(Note)
Total	<u>\$127,491</u>	<u>\$20,893</u>

Note: Gintung Energy Corporation was no longer a subsidiary of the Group on August 30, 2019; however, the Group recognized it as investment accounted for under the equity method on August 30, 2019 due to having significant control over Gintung Energy Corporation.

(8) Transaction of property

For the years ended December 31, 2019

Related Party	Assets	Amount	Profit or loss on sale of assets	Basis of transaction
<u>Acquisition</u>				
Tatung Okuma Co., Ltd.	Other equipment	\$82	None	Bargain
CPTF Visual Display (Fuzhou) Ltd. (“FVD”)	Other equipment	1,138	None	Bargain
Elitegroup Computer Systems Co., Ltd.	Other equipment	22	None	Bargain
Gintung Energy Co., Ltd.	Other equipment	47,240	None	Bargain
<u>Disposal</u>				
Elitegroup Technology (Thailand) Co., Ltd.	Mechanical equipment	443	\$65	Bargain
Elitegroup Technology (Thailand) Co., Ltd.	Office equipment	879	\$879	Bargain

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For the years ended December 31, 2018

<u>Related Party</u>	<u>Assets</u>	<u>Amount</u>	<u>Profit or loss on sale of assets</u>	<u>Basis of transaction</u>
<u>Acquisition</u>				
Tatung Okuma Co., Ltd.	Mechanical equipment	\$619	None	Bargain

(9) Lease—related parties

Rental income

	<u>December 31,</u>	
	<u>2019</u>	<u>2018(Note)</u>
Associates		
Ufeco (Wujiang) Technology Inc.	\$417	
Other related parties	60	
Total	<u>\$477</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

Right-of-use

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2018(Note)</u>
Entity with joint control or significant influence over the Group		
Tatung University	\$58,433	
Other	3,735	
Other related parties	375	
Total	<u>\$62,543</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

Lease liabilities (current and non - current)

	<u>As of December,</u>	
	<u>2019</u>	<u>2019</u>
Entity with joint control or significant influence over the Group		
Tatung University	\$39,030	
Other	2,881	
Other related parties	379	
Net	42,290	
Non-current portion	-	
Current portion	<u>\$42,290</u>	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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Interest Expense

	For the years ended	
	December 31,	
	2019	2018(Note)
Entity with joint control or significant influence over the Group		
Tatung University	\$1,581	
Other	34	
Other related parties	13	
Total	\$1,628	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(10) Compensation of key management personnel

	For the years ended	
	December 31,	
	2019	2018
Short-term employee benefits	\$146,403	\$247,765
Post-employment benefits	1,735	1,964
Total	\$148,138	\$249,729

(11) The Chairman of Tatung Company guaranteed part of the bank loans for the Company and its subsidiaries. Please refer to Note 6 (19) for more details.

(12) Other matters

CPT and Vibrant Display Technology CO., Ltd. entered into a licensing and cooperation contract in 2017. CPT granted the use of its TFT-LCD patent to Vibrant Display Technology CO., Ltd from July 1, 2017 to June 30, 2022, for a consideration of RMB183,000 thousand and would be repaid in 10 installments. As of December 31, 2019, the uncollected amount was RMB107,894 thousand (already deducting withholding taxes). CPT received a letter from Vibrant Display Technology CO., Ltd on January 11, 2019. Vibrant Display Technology CO., Ltd has signed an agreement with CPTF Optronics Co., Ltd. to transfer its claim against CPT in the amount of RMB107,894 thousand and hence offset the patent expense.

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8. Assets pledged as collateral

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

	Carrying amounts as of		Purpose of the pledge
	December 31,		
	2019	2018	
Prepayments (Note 3)	\$66,454	\$-	Loan seizure
Others receivable (Note 4)	321,315	-	Loan guarantee
Land	12,335,654	10,260,992	Loan guarantee, financing loan
Buildings	14,063,582	15,026,732	Loan guarantee, performance guarantee, financing loan
Lease improvement	-	1,243,271	Loan guarantee, performance guarantee, financing loan
Machines, transportation equipment and other Equipment (Note 2)	1,070,651	3,240,206	Loan guarantee, performance guarantee, financing loan
Investment property-land	11,886,837	-	Loans
Investment property-buildings	778,188	-	Loans
Financial assets at fair value through profit or loss-current	-	313,272	Loan guarantee letter of credit
Financial assets at fair value through other comprehensive income	5,671,550	6,151,037	Loans, performance guarantee, financing loan guarantee
Financial assets measured at amortized cost (including current and non-current)	3,391,261	2,154,897	Various guarantees, deposit, Bank savings
Investments accounted for under the equity method	1,685,100	1,296,750	Loans
Other non-current assets – deposit-out	4,671	48,671	Loans, financing loan
Rent prepaid (current and non-current) (Note 1)	-	224,286	Loans
Inventory	779,508	988,555	Loans, lawsuits of constructions
Total	<u>\$52,054,771</u>	<u>\$40,948,669</u>	

In addition to the pledged assets listed above, the Company pledged the property, plant and equipment of subsidiaries as collateral for loans.

Note1: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

Note2: As of December 31, 2019, the carrying amount of CPT's mechanical equipment amounted to NTD683,422 thousand. Certain machines were pledged to the Company and the remaining machines were under provisional seizure by creditors for compulsory enforcement.

Note3: As CPT defaulted, banks seized CPT's deposits pursuant to the loan agreements to offset the principal, interest and related expenses in the future.

Note4: From December 12, 2019 to December 17, 2019, Huarong Securities Co., Ltd. disposed of 27,640,594 shares of CPTTG held by Chunghwa Picture Tubes (Bermuda) Ltd. in the amount of RMB321,315 thousand (excluding tax), and recognized as other receivables as the amount was not yet collected.



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9. Commitments and contingencies

- (1) Promissory notes issued by the Group and subsidiaries to secure bank loans, construction performance bond and tariff guarantee amounted to NTD 13,624,258 thousand and USD 13,000 thousand. Among them, Chunghwa Picture Tubes, Ltd. and the Bank of Taiwan signed a short-term credit loan and provided a guarantee of NTD 1 billion in promissory notes. Chunghwa Picture Tubes, Ltd. demanded a reorganization on December 13, 2018. The Bank of Taiwan notified that the debts were due immediately and issued a promissory note. The promissory notes received a refund notice on January 8, 2019.
- (2) The Company and its subsidiaries' unused letters of credit for importing raw materials and machinery amounted to NTD15,911 thousand, USD6,137 thousand, RMB1,624 thousand, EUR3,183 thousand and JPY11,581 thousand.
- (3) Performance bond issued by financial institutions amounted to NTD529,807 thousand as of December 31, 2019.
- (4) As of December 31, 2019, the significant contingencies and unrecognized contract commitments of the Company are as follows:
  - I. The Company applied credit lines to Mega International Commercial Bank, Bank of Taiwan, Chang Hwa Bank, and First Commercial Bank on behalf of Tatung Co., of Japan, Inc. by issuing the promissory notes amounted to NTD492,800 thousand, JPY1,200,000 thousand, JPY650,000 thousand and JPY420,000 thousand, respectively.
  - II. The Company applied for credit lines to Hua Nan Commercial Bank on behalf of San Chih Semiconductor Co., Ltd. and posted guarantee in the amount of NTD60,000 thousand. As of December 31, 2019, the balance of the guarantee provided by the Company amounted to NTD56,000 thousand.
  - III. As of December 31, 2019, the significant contingencies and unrecognized contract commitments of the Company are as follows:

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- (1) This trial is the merger of three trial into one case. The Company filed actions against two contractors: King Pro Group (“King Pro”) and J Ka Hung Exhibition Co., Ltd. (“Ka Hung”) for failure to perform the engineering contract while King Pro and Ka Hung jointly filed an action against the Company for the repayment of construction funds. The company registration database from the Ministry of Economic Affairs showed that King Pro was closed and Ka Hung has been ordered to be dissolved and liquidated, and neither King Pro nor Ka Hung registered any asset. In addition, because King Pro and Ka Hung had disputes about the damages caused by the re-contracting of the Company, the Company then requested the court for an appraisal. The documents that the court demanded the Company to provide was not easy to find because it was old information and employees of the contractor changed. Furthermore, the appraisal fee and the cost of selecting a liquidator for Ka Hung are still required in the litigation process. Even if the Company wins all or part of the action, the defendant had no assets to carry out the compulsory enforcement, so the attorney proposed to withdraw the actions against King Pro and Ka Hung, to retrieve the provisional seizure security and withdraw the action to receive 2/3 refund the litigation fee. There would be no further cost from the appraisal and selection of a liquidator. So, the Company focused on defending the cases against King Pro and Ka Hung for the return of the project fee. At present, the attorney has filed to the court to change the date of the court session. After the Company has internal discussion on the case, they will report the conclusion to the court.
- (2) The Company was 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 did not 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 inspection of completion of the project was rejected by Taiwan Railways for more than 3 years because the requirements changed, and that Case A needed to be integrated with the accounting system (“Taiwan Railways- Case B”). The Company filed to the Taipei District Court on August 8, 2018 to claim inspection of Case A and the final payment. The Company was engaged in the integration of accounting system (“Taiwan Railways- Case B”). Because the requirements changed frequently and inspection of completion was rejected, so the Company filed to the Taipei District Court to request inspection of completion of Case B and the final payment. Both cases are undergoing the appraisal process and waiting for a result. No major development as of now.

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- (3) 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 it had no jurisdiction. Toshiba also filed an arbitration in Tokyo. The Japan Commercial Arbitration Association issued the final arbitration award on June 14, 2019 and considered that there was no further investigation needed and made the final judgement. Both parties reached a settlement on November 11, 2019 and Toshiba withdrew the action.
- (4) Hwang Chang General Contractor Co., LTD (“Hwang Chang”) was 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 could not start the construction and collect payments following the delay. 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. The Company lost in the first instance and appealed. Both parties reached a settlement on January 9, 2020.
- (5) The Company outsourced the “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 case was transferred to an appraisal and waiting for a response.

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- (6) 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 court declared the Company was the prevailing party on September 27, 2019 and United Aerotech System Corporation filed for a trial. Both parties could not reach a settlement on March 10, 2020. The judge urged if the trial could be concluded by mediation, so the next mediation court will be held on April 30, 2020.
- (7) The Company was 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 did not. Hence, the Company turned to the Public Construction Commission and it was determined by members in the appeals committee that the Company was not responsible for the warranties. Therefore, the claim of Taiwan Power was groundless. Because Taiwan Power still requires the Company to perform its warranty obligations, the Company has filed an action. In this case, because the two parties could not reach a consensus on the mediation process on February 20, 2020, this case was transferred to the civil court, pending a court opening notice.
- (8) Based on the “Related party transaction percentage of listed companies after the completion of acquisition and the commitment of future sales of listed companies” signed on September 11, 2014 by Chunghwa Picture Tubes (Bermuda) Ltd. (“CPTB”) and Chunghwa Picture Tubes Technology (Labuan) Ltd. (“CPTTG (L)”), CPTTG filed an action against Chunghwa Picture Tubes (Bermuda) Ltd. (“CPTB”) in December 2018 in the Higher People's Court of Fujian, claiming payment in the amount of RMB 1.914 billion. On March 28, 2019, the Company and Chunghwa Picture Tubes Ltd. (“CPT”) were added as defendants in the above-mentioned litigation. The Company received documents through EMS mail from the Higher People's Court of Fujian the following day, including the “Civil complaint”, “Notification of response”, “Notification of proof”, “Evidence list”, “Supplemental evidence list”, “Notification of service address of the party”, “Return of service certificate”, “Summons”, “Notification of members of the panel of judges”. The above-mentioned "Civil Complaint" made the following claims:

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- (1) CPTB, Defendant One, shall pay RMB 1.914 billion to CPTTG.
- (2) The Company, i.e. Defendant Two, and CPT, i.e. Defendant Three, shall be joint liable for the above-mentioned compensation in the amount of RMB 1.914 billion.
- (3) All court costs and expense shall be borne by the three defendants.

The above-mentioned documents showed that the exchange of evidence was made on May 21, 2019, and the court hearing time was set on May 22, 2019.

On May 10, 2019, the Company inquired about CPTTG's 2019-054 "Progress Announcement on the Filing of Litigation" and learned that CPTTG (L) has applied to the Higher People's Court of Fujian to increase the amount of the claim to RMB 3,029,027,800 based on its 2018 audit results. In addition, the content of CPTTG announcement also stated that due to the objection regarding jurisdictional raised by the Company and CPT, the original evidence exchange time set on May 21, 2019 and the hearing time set on May 22, 2019 will be postponed.

The Company re-checked CPTTG's 2019-114 "Progress Announcement on the Filing of Litigation" on July 19, 2019 and learned that Civil Ruling 2019-Min-Min-Chu No. 1-1 and Civil Ruling 2019-Min-Min-Chu No. 1-2 have been served by the Higher People's Court of Fujian.

According to CPTTG 2019-018 announcement, CPTTG filed property preservation to the court against CPTB on January 8, 2019, and submitted the supplement document on January 16, 2019.

The above-mentioned Civil Ruling 2019-Min-Min-Cchu No. 1-1 was the decision made by the court which approved CPTTG's application to preserve CPTB's property; Civil Ruling 2019-Min-Min-Chu No. 1-2 was the decision made by the court regarding the application for jurisdictional objections filed by CPT and the Company. The decision was as follows:

- (a) The objection regarding jurisdiction raised by the Company and CPT was dismissed.
- (b) The fee for the jurisdiction objections was RMB 100, which shall be borne by the Company and CPT jointly at RMB 50 each.

The Company inquired about CPTTG's Shenzhen Stock Exchange 2019-130 "Progress Announcement on the Filing of Litigation" and learned that the Company has been served the "Civil Appeal Brief" and CPT has been served the "Jurisdiction Objection Appeal Brief" sent by the court

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On October 8, 2019, the Fujian New-Stone Law Firm which was retained by the Company and received the Notice of Acceptance of Appeal Case 2019-Zui-Gao-Yuan-Min-Xia-Zhong-No. 467 sent by the Higher People's Court of China. The Court accepted this appeal case following a review, and notified the Company to submit a copy of the business license and the legal representative's identity certificate; if any litigious agent was engaged, a power of attorney shall be submitted.

On October 11, 2019, the Company inquired about CPTTG 's Shenzhen Stock Exchange 2019-140 "Progress Announcement on the Filing of Litigation" and learned that the company received an Appeal Notification 2019-Zui-Gao-Fa-Min-Xia-Zhong No.467 to notify the company to respond.

With respect to whether the Company shall be held jointly liable, the Company deemed that: In 2009, the Company, CPT, CPTB and CPTTG (L) made various commitments to CPTTG following the asset reorganization as shown in the following table. However, the Company only signed the commitment letters from No. 7 to No. 12 and No. 19 in the table. In addition, in 2014, with approval from the shareholders' meeting, CPTTG changed the "Commitment about not reducing shareholding interest in the listed company." and " Commitment of the proportion of related party transactions of listed companies after the acquisition". The original commitments therefore expired and the amendment to the previous commitments in 2014 were only executed by CPTB and CPTTG (L). Neither the Company nor CPT were involved. So, the Company believed that this joint liability was no longer effective. Furthermore, CPTB has lost control of CPTTG.

CPTTG's ground for the claim was the recognition of the loss allowance. The timing of the recognition was after CPT lost control, during which time the commitment already expired. The claim against CPTB remained doubtful, and CPT's receivables were payables of CPTTG, which were not related to the Company. 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 did not recognize provisions for contingent liabilities.

In addition, the Company was of the view that the Court of the People's Republic of China had no jurisdiction over this case. Therefore, according to Article 127 of the Civil Procedure, an application for jurisdiction objection has been filed. On January 20, 2020, the Company received Civil Ruling 2019-Zui-Gao-Fa-Min-Xia-Zhong-No. 467 served by the Higher People's Court of the People's Republic of China.

The Supreme People's Court of the People's Republic of China ruled that the decision of the original trial (namely Civil Ruling 2019-Min-Min-Chu No. 1-2 made by Fujian Higher People's Court) shall be maintained as the facts were clear and laws were appropriately applied. The Company has made an announcement immediately and will discuss with the lawyer for the follow-up measures to protect the rights and interests of the Company, CPT and shareholders.

Since the case is at the procedural stage of determining jurisdiction, it has not entered into substantial litigation, and the counterparty has not fully proved the amount of claim, which currently has no impact on the Company.

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The contents, contracting parties, signed date, expiration and execution and current status of each commitment in 2009 are summarized below:

Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
1. Commitment about not reducing shareholding interest in the listed company. CPTB and CPTL 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.	CPTB and CPTTG(L)	December 31, 2008	On September 11, 2014, the special shareholders meeting of CPTTG approved by majority votes the revision to the commitments. This commitment was no longer valid. No commitment was breached.
2. Commitment of not transferring shares of Mindong Electric (Group) Co., Ltd. in 3 years 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.	CPTB and CPTTG(L)	January 16, 2009	Expired upon 3 years following CPTTG's public offering. This commitment was no longer valid. No commitment was breached.
3. Commitment of the performance after public issues 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%.	CPTB and CPTTG(L)	January 16, 2009	On the September 11, 2014, the CPTTG Annual Shareholder Meeting passed the revised commitments. This commitment was no longer valid. No commitment was breached.

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>4. Commitment about the profitability of Mindong Electric (Group) Co., Ltd. in the next 3 years</p> <p>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:</p> <p>RMB0.295 billion/ 12 * M (M: the numbers of months that the assets were acquired by the listed company.)</p> <p>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.</p>	CPTB and CPTTG(L)	January 16, 2009	Expired on December 31, 2011. This commitment was no longer valid. No commitment was breached.
<p>5. Commitment of the proportion of related party transactions of listed companies after the acquisition</p> <p>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.</p>	CPTB and CPTTG(L)	January 16, 2009	Expired on December 31, 2010. This commitment was no longer valid. No commitment was breached.
<p>6. Supplementary commitment of the proportion of related party transactions after listed</p> <p>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.</p>	CPTB and CPTTG(L)		On the September 11, 2014, the CPTTG Annual Shareholder Meeting passed the revised commitments. This commitment was no longer valid. No commitment was breached.



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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>7. Commitment letter regarding restriction and reduction of related party transactions</p> <p>(A) 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.</p> <p>(B) 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.</p> <p>(C) 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.</p> <p>(D) 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.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>January 16, 2009</p>	<p>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.</p>

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<p>8. Commitment of non-competition with listed companies in the industry</p> <p>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 Minding Electric (Group) Co., Ltd. and its subsidiaries within and outside China, including investment, 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 control, acquisition and combination with other entities, within China.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>January 16, 2009</p>	<p>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.</p> <p>No commitment was breached.</p>
<p>9. Commitment about the operation independence of the listed company</p> <p>CPTB, CPTTG(L), CPT and the Company committed to keep Mindong Electric (Group) Co., Ltd.'s assets, employees, finance, organization and business independent. Specifically:</p> <p>(A) 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.</p>	<p>CPTB, CPTTG (L), CPT and the Company</p>	<p>January 16, 2009</p>	<p>No commitment was breached.</p>

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<p>(B) Independence of employees:</p> <p>① 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.</p> <p>② The finance personnel of Mindong Electric (Group) Co., Ltd. do not serve other positions in other entities held by the undersigned of the commitment.</p> <p>(C) Independence of finance:</p> <p>① 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.</p> <p>② Mindong Electric (Group) Co., Ltd. does not share bank accounts with the undersigned of the commitment and its subsidiaries.</p> <p>(D) Independence of organization:                      Mindong Electric (Group) Co., Ltd. will establish a well-defined and structured internal division to exercise independently the managing capacity, which will not involve any division controlled by Mindong Electric (Group) Co., Ltd. and its subsidiaries.</p> <p>(E) 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.</p>			

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
10. Commitment about the information disclosure 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.	CPTB, CPTTG (L), CPT and the Company	January 16, 2009	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.
11. Supplementary commitment of changes in business model of Shenzhen Huaxianjing Technology Co., Ltd. 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.	CPTB, CPTTG (L), CPT and the Company	March 31, 2009	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. 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.

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>12. 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.</p> <p>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.</p>	CPTB, CPTTG (L), CPT and the Company	March 31, 2009 、 July 7, 2009	No commitment was breached
<p>13. Commitment about composition of board of directors of listed companies.</p> <p>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.</p>	CPTB	July 7, 2009	No commitment was breached.
<p>14. Commitment about share repurchase</p> <p>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.</p>	CPTB	July 27, 2009	Expired as of December 31, 2011. This commitment was no longer valid. No commitment was breached.

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
<p>15. Commitment about patents licensing</p> <p>CPT made a commitment that:</p> <p>A. It has already acquired the technology and patents required for manufacturing LCD module and has obtained necessary licensing. 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.</p> <p>B. 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.</p> <p>C. 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.</p>	CPT	January 16, 2009	No commitment was breached.

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<p>16. Supplementary commitment about the patent licensing  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.</p>	CPT		<p>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.</p>
<p>17. Supplementary commitment about utilization of goodwill and patent licensing  Contents: CPT committed that:</p> <p>A. 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.</p> <p>B. 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.</p> <p>C. 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.</p> <p>D. 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.</p>	CPT		<p>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.</p>

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E. 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.			
18. Commitment about CPT's joint liability 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.	CPT	January 16, 2009	No commitment was breached.
19. "Commitment letter" about assuming joint and several liability 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.	CPT TATUNG	July 7, 2009	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 CPTTG's shareholders' meeting on September 11, 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.



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<p>20. Commitment about the restructuring party not reducing the shareholding interest of listed companies.  CPTB、CPTTG(L) approved the revision of the commitments :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) “Motion of revising commitment of shareholders” 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.</p>	CPTB CPTTG(L)	September 11, 2014	The revision expired on March 11, 2016 and is no longer applicable. No commitment was breached.
<p>21. Related party transaction percentage of listed companies after the completion of acquisition and the commitment of future sales of listed companies.  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:</p>	CPTB CPTTG(L)	September 11, 2014	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.

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Commitments listed/Contents	Contracting parties	Signed Date	Expiration and Execution
① Net assets of CPTF Optronics Co., Ltd. and its subsidiaries ② Net assets of CPTW ③ Net assets of FDT ④ Net assets of CPT TPV Optical (Fujian) Co., Ltd. ⑤ Net assets of CPTTG(L) ⑥ Net assets of CPTTG less net assets increased from financing after this motion was approved at the shareholders meeting ⑦ 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: ① Net income of CPTF Optronics Co., Ltd. and its subsidiaries ② Net income of CPTW ③ Net income of FDT ④ Net income of CPT TPV Optical (Fujian) Co., Ltd. ⑤ Net income of CPTTG(L) ⑥ Net income of CPTTG ⑦ 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.			

(5) As of December 31, 2019, CPT and its subsidiaries had commitments and contingencies as follows:

1. Contingent

Business commitment to Chunghwa Picture Tubes Technology (Group) Co., Ltd. ("CPTTG")

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 a 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 Higher People's Court of Fujian blocked the assets CPTB held below:

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

On March 28, 2019, CPTTG, creditor of CPT, released No. 2019-034 “Progress Announcement on the Filing of Litigation”, show that CPT were added as defendants (“Please refer to “Announce of litigation and property preservation” which were released by CPTTG on February 12, 2019, and changed defendant to CPTB and CPT, CPTB and CPT shall pay RMB 1.914 billion to CPTTG for joint compensation. As April 30, 2019, CPTTG, released the “2018 Annual Report” and show that CPTTG accrued loss allowance of the receivables from CPT, which amount is RMB 2.791 billion, therefore CPTTG increase the amount of the claim to RMB 3.029 billion. On May 10, 2019, CPTTG, released No. 2019-054 “Progress Announcement on the Filing of Litigation” and CPTTG has applied to the Higher People's Court of Fujian to increase the amount of the claim to RMB 3.029 billion.

On March 29, 2019, the Chunghwa Picture Tubes Ltd. (“CPT”) received documents through EMS mail from the Higher People's Court of Fujian the following day, including the “Civil complaint”, “Notification of response”, “Notification of proof”, “Evidence list”, “Supplemental evidence list”, “Notification of service address of the party”, “Return of service certificate”, “Summons”, “Notification of members of the panel of judges”. The above-mentioned documents showed that the exchange of evidence was made on May 21, 2019, and the court hearing time was set on May 22, 2019. CPT filed application for jurisdictional objections, so the hearing time will be postponed.

On April 24, 2019, the Chunghwa Picture Tubes Ltd. (“CPT”) received CPTB’s notification through EMS mail from the Higher People's Court of Fujian, including the “Civil complaint”, “Notification of response”, “Notification of proof”, “Evidence list”, “Supplemental evidence list”, “Notification of service address of the party”, “Return of service certificate”, “Summons”, “Notification of members of the panel of judges”. The above-mentioned documents showed that the exchange of evidence was made on May 21, 2019, and the court hearing time was set on May 22, 2019. CPT filed application for jurisdictional objections, so the hearing time will be postponed.

On June 17, 2019, CPT received CPTB’s documents which recipient is CPTB and CPT is collector, through EMS mail from the Higher People's Court of Fujian, including the “Application”, “Supplemental evidence list”, “Return of service certificate”. The above-mentioned documents showed that CPTTG changed defendant amount from to RMB 1.914 billion to RMB 3.029 billion.

CPTTG accrued loss allowance of the receivables from CPT, as well as the assets impairment, resulting in net loss and breaching the “Commitment of performance after acquisition” made by CPTB.

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While, CPTB lost control of CPTTG so the commitments expired. CPTTG's ground for the claim was the recognition of the loss allowance. The timing of the recognition was after CPT lost control, during which time the commitment already expired. There is uncertainty about the claim against CPTB. In addition, CPT was of the view that the Court of the People's Republic of China had no jurisdiction over this case. Therefore, according to Article 127 of the Civil Procedure, an application for jurisdiction objection has been filed and the court dismiss the CPT' Indictment. While, received the Civil Ruling 2019-Min-Min-Chu No. 1-1 and Civil Ruling 2019-Min-Min-Chu No. 1-2 have been served by the Higher People's Court of Fujian on July 22, 2019. The above-mentioned Civil Ruling 2019-Min-Min-Cchu No. 1-1 was the decision made by the court which approved CPTTG's application to preserve CPTB's property(Ref. No. 2019-018); Civil Ruling 2019-Min-Min-Chu No. 1-2 was the decision made by the court regarding the application for jurisdictional objections filed by CPT and the Company. The decision was as follows: "The objection regarding jurisdiction raised by the Company and CPT was dismissed and the fee for the jurisdiction objections was RMB 100, which shall be borne by the Company and CPT jointly at RMB 50 each. "

On August 27, 2019, the Company inquired about CPTTG's Shenzhen Stock Exchange 2019-130 "Progress Announcement on the Filing of Litigation" and learned that CPT has been served the "Jurisdiction Objection Appeal Brief" and the Company has been served the "Civil Appeal Brief" sent by the court.

On October 8, 2019, the Fujian New-Stone Law Firm which was retained by the Company and received the Notice of Acceptance of Appeal Case 2019-Zui-Gao-Yuan-Min-Xia-Zhong-No. 467 sent by the Higher People's Court of China. The Court accepted this appeal case following a review, and notified the Company to submit a copy of the business license and the legal representative's identity certificate; if any litigious agent was engaged, a power of attorney shall be submitted.

On October 11, 2019, the Company inquired about CPTTG 's Shenzhen Stock Exchange 2019-140 "Progress Announcement on the Filing of Litigation" and learned that the company received an Appeal Notification 2019-Zui-Gao-Fa-Min-Xia-Zhong No.467 to notify the company to respond.

On January 20, 2020, CPT and The Company released the CPTTG No.2020-010 announcement "Progress Announcement on the Filing of Litigation " 2019-Zui-Gao-Yuan-Min-Xia-Zhong-No. 467, Regarding the Supreme People's Court of the People's Republic of China ruled that the decision of the original trial (namely Civil Ruling 2019-Min-Min-Chu No. 1-2 made by Fujian Higher People's Court) shall be maintained. The objection regarding jurisdiction raised by CPT and the Company, Since the case is at the procedural stage of determining jurisdiction, it has not entered into substantial litigation.

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.

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Expiration and execution: On April 28, 2014, the board of directors of CPTTG approved the revision to the commitments and agreed that the revised commitments will take effect from the day of the shareholders' meeting and the original commitments will expire at the same time.  
On September 11, 2014, the special shareholders meeting approved by majority votes the revision to the commitments.  
No commitment was 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 (2012).  
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 30% (and not including) 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: On April 28, 2014, the board of directors of CPTTG approved the revision to the commitments and agreed that the revised commitments will take effect from the day of the shareholders' meeting and the original commitments will expire at the same time.  
On September 11, 2014, the special shareholders meeting approved by majority votes the revision to the commitments. The commitment to related party transactions and business performance were changed to and revised as the changed to "Commitment to proportion of related party transactions of the listed company after completion of acquisition and future business performance of the listed company."  
The commitments were not breached.

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

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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.  
The proportion of related party transactions was not reduced to lower than 30% before December 31, 2010. According to the "Commitment to proportion of related party transactions of the listed company after the acquisition" given and promised by CPTB and CPTTG (L) when restructuring, the gift of 4,546,723 shares (shareholder holding 10 shares received 0.267233 shares) to all shareholders (except for CPTB and CPTTG(L)) were given by CPTB on March 25, 2011.

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.

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Expiration and execution: On April 28, 2014, the board of directors of CPTTG approved the revision to the commitment and agreed that the revised commitment will take effect on the day of the shareholders' meeting, the original commitment shall expire at the same time.

On September 11, 2014, the revised commitment was approved at the special shareholders' meeting. The original commitment to related party transactions and business performance were changed to and revised as the "Commitment to proportion of related party transactions of the listed company after completion of acquisition and future business performance of the listed company." The commitments were not 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. CPT committed that it will strictly follow the "Decision system of related party transactions" of Mindong Electric (Group) Co., Ltd. which has been commented by independent directors and has been passed by shareholders' meeting. The above commitments took effect the day Mindong Electric (Group) Co., Ltd. issued private shares and will remain effective during the period when CPTB and CPTTG(L) still hold shares in Mindong Electric (Group) Co., Ltd. The commitment will expire when CPTB and CPTTG (L) lost the controlling shares. If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that CPTB, CPTTG (L), CPT and the Company had lost control of Mindong Electric (Group) Co., Ltd., the commitments above shall expire.

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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, 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 control, acquisition and combination with other entities, within China. The above commitments took effect on the day Mindong Electric (Group) Co., Ltd. delivered documentation to the China Securities Regulatory Commission with respect to shares purchased through private issue and will remain effective during the period when CPTB and CPTTG(L) still hold shares in Mindong Electric (Group) Co., Ltd. The commitment will expire when CPTB and CPTTG (L) lose the controlling shares. If confirmed by the China Securities Regulatory Commission or Shenzhen Stock Exchange that CPTB, CPTTG (L), CPT and the Company lose control of Mindong Electric (Group) Co., Ltd., the above commitments will expire. CPTB, CPTTG (L), CPT and the Company are liable for any breach of above commitments that caused damages to Mindong Electric (Group) 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 commitments shall expire.  
No commitment was breached.



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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:
  - ① 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.
  - ② 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:
  - ① 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.
  - ② 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 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.

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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. The commitment took effect on the day Mindong Electric (Group) Co., Ltd. delivered documentation to the China Securities Regulatory Commission. The commitment remains effective when Mindong Electric (Group) Co., Ltd. remains listed on the Shenzhen Stock Exchange. 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. The expiration information will also follow the information disclosure commitment.

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.

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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.

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.

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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:

- ① It has already acquired the technology and patents required for manufacturing LCD module and has obtained necessary licensing.
- ② 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.

- ③ 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.

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#### 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 commitments shall expire.  
No commitment was breached.

#### Q. Supplementary commitment about utilization of goodwill and patent licensing

Contents: CPT committed that:

- ① 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.
- ② 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.
- ③ 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.
- ④ 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.
- ⑤ 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.

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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.

#### R. Commitment to CPT's joint and several 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: On March 28, 2019, CPTTG, creditor of CPT, released No. 2019-034 "Progress Announcement on the Filing of Litigation", show that CPT were added as defendants and changed defendant to CPTB and CPT, CPTB and CPT shall pay RMB 1.914 billion to CPTTG for joint compensation. On May 10, 2019, CPTTG, released No. 2019-054 "Progress Announcement on the Filing of Litigation" and CPTTG has applied to the Higher People's Court of Fujian to increase the amount of the claim to RMB 3.029 billion.  
CPTTG's ground for the claim was the recognition of the loss allowance. The timing of the recognition was after CPT lost control, during which time the commitment already expired. There is uncertainty about the claim against CPTB.

#### 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. The above commitment is effective from the day Mindong Electric (Group) Co., Ltd. submitted the private issue application to the China Securities Regulatory Commission and will remain effective as long as Mindong Electric (Group) Co., Ltd. is listed on Shenzhen Stock Exchange. However, if Tatung Co., Ltd and CPT are deemed to have lost control of Mindong Electric (Group) Co., Ltd. by the China Securities Regulatory Commission or Shenzhen Stock Exchange, the above commitment will expire immediately.

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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.

On March 28, 2019, CPTTG, creditor of CPT, released No. 2019-034 “Progress Announcement on the Filing of Litigation”, show that CPT were added as defendants, and changed defendant to CPTB and CPT, CPTB and CPT shall pay RMB 1.914 billion to CPTTG for joint compensation. On May 10, 2019, CPTTG, released No. 2019-054 “Progress Announcement on the Filing of Litigation” and CPTTG has applied to the Higher People's Court of Fujian to increase the amount of the claim to RMB 3.029 billion.

CPTTG's ground for the claim was the recognition of the loss allowance. The timing of the recognition was after CPT lost control, during which time the commitment already expired. There is uncertainty about the claim against CPTB.

(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) is as follows: The “Motion of revising commitment of shareholders” 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.

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#### 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:

- ① Net assets of CPTF Optronics Co., Ltd. and its subsidiaries
- ② Net assets of CPTW
- ③ Net assets of FDT
- ④ Net assets of CPT TPV Optical (Fujian) Co., Ltd.
- ⑤ Net assets of CPTTG(L)
- ⑥ Net assets of CPTTG less net assets increased from financing after this motion was approved at the shareholders meeting
- ⑦ 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:

- ① Net income of CPTF Optronics Co., Ltd. and its subsidiaries
- ② Net income of CPTW
- ③ Net income of FDT
- ④ Net income of CPT TPV Optical (Fujian) Co., Ltd.
- ⑤ Net income of CPTTG(L)
- ⑥ Net income of CPTTG
- ⑦ 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.



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Above mentioned as the “Motion of revising commitment of shareholders” was approved by at the shareholders meeting of CPTTG and took effect on the day. The shareholders’ meeting was held and the original commitment expired at the same time. The commitment is effective when CPTB and CPTTG(L) hold shares of CPTTG. However, if 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: When the China Securities Regulatory Commission or Shenzhen Stock Exchange deems that CPT had lost control of CPTTG, then, the commitment would be expired immediately.

CPT has lost control of CPTTG and both parties no longer have transactions. They will not be bound by the commitment in the future.

Because CPT had applied for restructuring, CPTTG had recognized receivables from CPT as loss allowance and impairment of related assets. Also, CPTTG had filed an action against CPTB for compensation.

However, as of December 31, 2018, CPTTG had achieved its sales target.

CPTTG’s ground for the claim was the recognition of the loss allowance. The timing of the recognition was after CPT lost control, during which time the commitment already expired. There is uncertainty about the claim against CPTB.

(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.

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- (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: 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.

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, CPT 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 CPT.

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.

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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
    - ① 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.
    - ② 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
    - ① 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.
    - ② 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.

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#### 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.

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

Commitment letter about non-public issues of CPTTG

Contents: (A) Tatung Co., Ltd., CPT and CPTB committed that 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) 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 was completed. The shares are listed on the Shenzhen Stock Exchange.

No commitment was breached.

Other litigations

A. Regarding violation of antitrust laws, CPT paid fines with respect to the verdicts of the US Department of Justice (DOJ), European Commission (EC) and the Korean Fair-Trade Commission (KFTC) from 2008 to 2012. Japan Fair Trade Commission (JFTC), Canadian Competition Bureau (CCB), and the Taiwan Fair Trade Commission terminated investigations after 2009. CPT settled with the Brazilian government in late September 2017. Regarding the civil actions, CPT settled with HP, Best Buy, Costco, Home Depot, Target, ViewSonic, AT&T, MetroPCS, Dell, Circuit City and TracFone. In addition, CPT also settled the civil class actions filed by state prosecutors in Oklahoma and South Carolina. As to the state government's civil actions, CPT has settled several cases before litigations.

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- B. Regarding the antitrust cases under the official investigations in various countries, including those made by the US authorities, the Japanese Fair-Trade Commission, Korean Fair-Trade Commission (“KFTC”), European Commission and Canada authorities, CPT had been cooperative with the investigations. The Company was not subject to any fines. The Czech Republic had reached a final judgment and the fines were paid in 2010. The government of Hungary and Mexico had finished its investigation and concluded that CPT did not engaged in any illegal activities. CPT had reached a settlement with the Brazilian government for CRT-CDT and CRT-CPT investigation in late September and early October of 2017. Regarding the civil actions, CPT settled with the plaintiffs in the class actions in the U.S. and Canada. CPT has also settled with the plaintiffs, including Target, Sears and K-mart, Best Buy and ViewSonic. As to the state governments civil actions, CPT has settled several cases before litigations.
- C. CPT had received legal action related document forwarded by the Taiwan Taoyuan District Court in March 2017. Israel citizens filed a class action against CPT and many other CRT manufacturers to the Israeli District Court. CPT had retained professional attorneys to handle other litigations prudently, however the professional services has been terminated due to not paying the attorneys’ fees.
- D. CPT had received legal action related document forwarded by the Taiwan Taoyuan District Court in June 2018 regarding the antitrust cases. Three companies under liquidation procedures in UK had file antitrust lawsuit against CPT’s 11 CRT and CRT glass manufacturing companies to UK High Court. Granville Technology Group Limited、VMT Limited and OT Computers Limited sued CPT and other nine defendants. They advocated those defendants should be jointly liable due to suspected of CRT sales monopoly during 1996 to 2008. CPT had retained professional attorneys to handle other litigations prudently. CPT still cannot estimate approximate responsibilities and risk due to in the early stage. Besides, LG、Philips and Samsung also were main distributors in Europe or global at that time.
- Furthermore, Granville Technology Group Limited、VMT Limited and OT Computers Limited sued CPT and other five defendants. They advocated those defendants should be jointly liable due to suspected of LCD sales monopoly during 2001 to 2006. CPT had retained professional attorneys to handle other litigations prudently. CPT still cannot estimate approximate responsibilities and risk due to in the early stage.
- E. CPT received indictment on April,2019, mentioned Iiyama business of several plaintiffs sued LG, Samsung and Phillip were suspected of CRT of sales monopoly in England during 1996 to 2008. LG requested if it has liability due to the lawsuit, CPT, CPTM and CPTF Optronics (Shen-Zhen) Co., Ltd. shall be jointly liable. CPT appointed England professional attorneys to handle other litigations prudently. CPT still cannot estimate approximate responsibilities and risk due to in the early stage. Besides, LG, Philips and Samsung also were main distributors in Europe or global at that time. CPT still cannot estimate approximate responsibilities and risk.

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F. CPT received two civil payment orders served by the Taiwan Taoyuan District Court on January 9, 2019. King's Town Bank requested CPT to pay the loan in the amount of NTD1,884,896,392 and JPY418,926,599. CPT objected on January 17, 2019. King's Town Bank did not pay the court costs. CPT received civil rulings served by the Taiwan Taoyuan District Court on February 22, 2019 and March 5, 2019. King's Town Bank's request was revoked. Also, CPT received a civil payment order from the Taiwan Taoyuan District Court on March 4, 2019. King's Town Bank requested CPT to pay the loan in the amount of NTD1,613,797,345. CPT did not object. Moreover, CPT received a civil ruling from the Taiwan Tainan District Court on January 4, 2019. CPT was ordered to provide King's Town Bank with three signed promissory notes in the amount of NTD900,000,000, NTD555,000,000 and NTD145,064,591. The amounts and interests were under compulsory execution. CPT filed an interlocutory appeal on January 10, 2019 and was revoked on March 5, 2019. CPT didn't file another interlocutory appeal. CPT received a notice from Taiwan Taoyuan District Court Summary Court on January 10, 2019. King's Town Bank applied for an auction of CPT real property in plant II in Yang Mei, of which King's Town Bank is the line of credit mortgagee, and received notice of auction by Taoyuan district court on April 11, 2019. Furthermore, CPT received ruling of provisional seizure from the Taiwan Tainan District Court on March 14, 2019. King's Town Bank had applied for compulsory execution of provisional seizure however, CPT announced on February 1, 2019 that the application for an urgent disposal was approved. The court approved the application under which insolvency, reconciliation and enforcement procedures (including the preservation procedures such as provisional seizure and provisional disposition) against CPT shall be stayed for 90 days. CPT made an objection within the statutory period and the case is now pending in Taiwan Tainan District Court and extended urgent disposal for 90 days on May 1, 2019. CPT filed an objection during judicial period, however, it received a notice of civil dismissal by Taiwan Tainan district court on April 9, 2019. Then, CPT received a notice from Taiwan Tainan district court on June 14, 2019, which mentioned King's Town Bank sued CPT should pay NTD 62,678,747 loan.

CPT received civil payment orders from the Taiwan Taipei District Court on January 10, 2019 and January 11, 2019. The Bank of Taiwan requested CPT to pay in the amount of NTD6,750,000,000 (syndicated loan), NTD896,174,927 and JPY202,577,349 (self-loan) and CPT did not object. Also, CPT received a civil ruling from the Taiwan Shilin District Court on January 17, 2019. CPT was ordered to provide Bank of Taiwan with signed promissory note in the amount of NTD1,000,000,000. The amount and interests that shall be delivered to the Bank of Taiwan were under compulsory execution. CPT filed an interlocutory appeal on January 25, 2019 which was revoked on February 26, 2019. CPT did not file another interlocutory appeal. Moreover, the Bank of Taiwan had applied for compulsory execution within NTD 30,000,000 of provisional seizure on May 6, 2019, CPT received an enforcement order from the Taiwan Taichung District Court on January 19, 2019. The Bank of Taiwan had applied for compulsory execution of provisional seizure. CPT was prohibited from receiving the proceeds from restructuring from Wintek Corporation, a third party, or proceed with any other disposals. Moreover, the third party can't pay off their debts to CPT.

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CPT received a civil payment order from the Taiwan Taipei District Court on January 22, 2019. The Taiwan Cooperative Bank requested CPT to pay in the amount of NTD300,000,000 and JPY279,988,800 and CPT did not object. The Taiwan Cooperative Bank had applied for compulsory execution within NTD 120,000,000 of provisional seizure on May 15, 2019. Also, CPT received an enforcement order from the Taiwan Taichung District Court on January 19, 2019. Taiwan Cooperative Bank had applied for compulsory execution of provisional seizure. CPT was prohibited from receiving the proceeds from restructuring from Wintek Corporation, a third party, or proceeds from any other disposals. Moreover, the third party can't pay off their debts to CPT.

CPT received a civil payment order from the Taiwan Taipei District Court on January 24, 2019. The Taiwan Business Bank Co., Ltd. requested CPT to pay the loan in the amount of JPY474,054,489. CPT objected on February 11, 2019 and later withdrew the objection on February 14, 2019. Also, CPT received an enforcement order from the Taiwan Taipei District Court on January 11, 2019 and an enforcement order from the Taiwan Shilin District Court on January 17, 2019. The Taiwan Business Bank Co., Ltd. had applied for compulsory execution of provisional seizure. CPT was prohibited from receiving claims from numerous banks or making any other disposals. CPT received the letter from the Civil Execution Department of the Taiwan Taoyuan District Court on January 19, 2019. The Land Affairs Offices of Daxi District and Yang Mei District were assigned to conduct a boundary survey to seize the real property located in Long Tan and Yang Mei plants of CPT. However, CPT announced on February 1, 2019 that an urgent disposal was approved. The court approved the request under which insolvency, reconciliation and enforcement procedures (including the preservation procedures such as provisional seizure and provisional disposition) against CPT shall be stayed for 90 days. The compulsory execution of provisional seizure was stayed as of now and extended urgent disposal for 90 days on May 1, 2019. The compulsory execution of the real property provisional seizure is stayed as of now. Moreover, CPT received an enforcement order from the Taiwan Miaoli District Court on February 18, 2019. CPT was prohibited from receiving claims from Giantplus Technology, a third party, or any other disposals. Also, the third party cannot pay off their debts to CPT. CPT made an objection. CPT received the letter from the Civil Execution Department of the Taiwan Miaoli District Court on March 13, 2019. The Taiwan Business Bank Co., Ltd. did not file an action against CPT's objection. Hence, the enforcement order was withdrawn, and the case was closed.

CPT received a civil payment order from the Taiwan Taoyuan District Court on February 27, 2019. The Land Bank of Taiwan requested CPT to pay the loan in the amount of NTD90,855,799 and CPT did not object. Also, CPT received the letter from the Civil Execution Department of the Taiwan Taoyuan District Court on February 21, 2019. The Land Bank of Taiwan had applied for compulsory execution within NTD81,000,000 of provisional seizure to seize CPT's real property located in Long Tan District, Taoyuan on June 28, 2019. However, CPT announced on February 1, 2019 that an urgent disposal was approved. The court approved the request under which insolvency, reconciliation and enforcement procedures (including the preservation procedures such as provisional seizure and provisional disposition) against CPT shall be stayed for 90 days. The compulsory execution of provisional seizure was stayed as of now and extended urgent disposal for 90 days on May 1, 2019. CPT objected the application of compulsory execution of provisional seizure Land Bank of Taiwan made on March 21, 2019.



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CPT received a civil ruling of payment from the Taoyuan District Court on March 7, 2019, in which Mega International Commercial Bank claimed that CPT shall pay back a loan in the amount of JPY198,281,687, and CPT did not file an objection. Also, CPT received a civil ruling from the Taipei District Court on December 27, 2018 which ordered compulsory execution of the claim along with interest made by Mega International Commercial Bank with respect to the promissory note in the amount of USD 5,000,000 issued by CPT. CPT filed an objection on January 4, 2019 and delivered a statement on March 25, 2019, however, the objection was dismissed by the Taipei District Court on April 11, 2019.

CPT received a civil ruling from the Taipei District Court on January 4, 2019. CPT was ordered to pay Taishin International Bank NTD85,000,000 with interest of the promissory note in the amount of NTD600,000,000, issued by CPT. CPT filed an interlocutory appeal on January 17, 2019 and was revoked by the Taiwan Taipei District Court on March 11, 2019. CPT did not file another interlocutory appeal. Also, CPT received a civil ruling from the Taipei District Court on June 28, 2019 and learned that Taishin International Bank requested provisional attachment of NTD10,000,000 of CPT's deposit. Furthermore, CPT received the letter from the Civil Execution Department of the Taiwan Taoyuan District Court on January 30, 2019. Taishin International Bank had applied for compulsory execution of provisional seizure to seize CPT's plants in Long Tan and Yang Mei Districts, Taoyuan. However, CPT announced on February 1, 2019 that an urgent disposal was approved. The court approved the request under which insolvency, reconciliation and enforcement procedures (including the preservation procedures such as provisional seizure and provisional disposition) against CPT shall be stayed for 90 days. The compulsory execution of provisional seizure was stayed as of now and extended urgent disposal for 90 days on May 1, 2019.

After CPT applied for financial structuring and requested urgent disposal to the Taoyuan District Court on December 13, 2018, many suppliers requested CPT to make the payment for goods and related interest by issuing payment orders or filing civil actions. CPT announced that an urgent disposal was approved by Taoyuan District Court on February 1, 2019. The court approved the request under which insolvency, reconciliation and enforcement procedures (including the preservation procedures such as provisional seizure and provisional disposition) against CPT shall be stayed for 90 days and extended urgent disposal for 90 days on May 1, 2019. Most of the creditors received legal title for compulsory enforcement, thus, 72 creditors, including ECSC Co., seized CPT's Longtan plant, Yangmei plant and equipment on September 17, 18 and 24, 2019. Taishin International Bank seized land and building of Longtan plant and Yangmei plant. CPT has estimated the risks prudently on January 8, 2020.

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6. As of December 31, 2019, SCSC and its subsidiaries had commitments and contingencies as follows:

- (1) To secure an ample supply of silicon raw material to produce diodes, SCSC entered into a silicon raw material supply contract with Cargill in December 2007, which was amended in July 2017 with the contract term renewed from July 1, 2017 to March 31, 2023. Under the contract, Cargill has made commitment to providing certain quantity of silicon raw material to SCSC for the term of the contract at the total contract price of JPY4,268,592 thousand. In addition, SCSC is required to pay a minimum purchase amount of JPY368,280 thousand. As of December 31, 2019, the amount of prepayment was JPY36,180 thousand (or the equivalent of approx. NTD10,933 thousand), which was classified under prepayments and long-term prepayments - material.
- (2) As of December 31, 2019, the significant unfinished or undelivered contracts of SCSC were related to crystal growth furnace equipment. The total amount of purchasing price was NTD791,091 thousand, of which NTD479,131 thousand has been paid. Since the quality and the function of the equipment did not meet the required standards of SCSC, SCSC did not accept and use the equipment. SCSC did not pay the remaining balance of the price.
- (3) Hemlock Semiconductor Corporation, a supplier of silicon raw material, filed an action against GET and Tatung Co. of America Inc. (“TUS”). A settlement was reached on September 21, 2018. SUPPLY AGREEMENT, SETTLEMENT AGREEMENT, and LETTER AGREEMENT were signed upon settlement. GET would purchase raw material from Hemlock Semiconductor Corporation. Hemlock Semiconductor Corporation has withdrawn the action.

GET and TUS entered into a long-term purchase contract for materials with supplier Hemlock 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 the second payment of USD2,500 thousand was due on July 31, 2019. GET and TUS did not make the payment to Hemlock on time. Hemlock may file a legal action against these two companies if the payments are not paid on time, with the maximum claim may be as high as USD463,401 thousand. In addition, GET recognized provision for liability with respect to irrevocable prepayment commitment in the amount of USD35,000 thousand (NTD 1,075,025 thousand). As Hemlock was aware that GET resolved to file for liquidation in Taiwan, Hemlock proposed settlement of USD35,000 thousand to GET and TUS but did not reach a conclusion. Thus, TUS filed reorganization (Chapter 11) to the bankruptcy court on September 30, 2019. Subsequently GET’s liquidators filed for bankruptcy to the Taipei District Court on February 21, 2020. As of now Hemlock has not made any claims against TUS or GET. When the Group derecognized the asset and liabilities of GET for losing control, said liability provision in the amount of USD35,000 thousand was reclassified under TUS as TUS may bear obligation for such contract.

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7. As of December 31, 2019, TSTI and its subsidiaries had commitments and contingencies as follows:

TSTI's subsidiary, TSTI Technologies (Shanghai) Co., Ltd., contracted Vibrant Display Technology CO., Ltd. to perform network cabinet power distribution engineering and power electrical engineering in 2017 and MES system hardware in 2018. TSTI Technologies (Shanghai) Co., Ltd. delivered equipment and services according to the contract and CPT TPV Optical (Fujian) Co., Ltd. agreed the project's final acceptance and to issue invoice. However, CPT TPV Optical (Fujian) Co., Ltd. delayed paying for the network cabinet power distribution engineering, power electrical engineering and MES system hardware. Thus, on February 5, 2019, TSTI Technologies (Shanghai) Co., Ltd. filed to Hanjiang District People's Court in Putian City, Fujian, P.R.C. to claim payment of RMB 6,163 thousand from CPT TPV Optical (Fujian) Co., Ltd., for which the jurisdiction was transferred to Shanghai District Court. Both parties settled in the court on December 25, 2019 and agreed to pay abovementioned payment by installment. CPT TPV Optical (Fujian) Co., Ltd. paid the first installment in the amount of RMB 1,000 thousand on January 20, 2019. TSTI Technologies (Shanghai) Co., Ltd. recognized RMB4,314 thousand of loss allowance as of December 31, 2019.

8. As of December 31, 2019, SCAD and its subsidiaries had commitments and contingencies as follows:

The Group's subsidiary, SCAD, performed construction work under the pre-sale house contract, however, certain consumers argued or filed actions against SCAD. Thus, SCAD continued to communicate with those consumers and engaged attorney for litigation defense as of December 31, 2019. Furthermore, on September 26, 2019, a district court judgement related to the period of user license was unfavorable for SCAD. The attorney engaged by SCAD suggested to appeal to maintain the company's rights and interest since he considered that the court may have misunderstood the case.

10. Significant disaster loss

None.

11. Significant subsequent events

1. Xintong Investment Consulting Co., Ltd. applied for an injunctive relief with the Taiwan High Court on November 22, 2019, requesting before Taipei District court 106 NO.2349 case is finalized, that the chairman, directors and independent directors of the Company be prohibited from exercising the rights of the chairman, directors and company seal, and that three impartial professionals are appointed as temporary managers of the Company, to serve as chairman and board of directors. The Company received a notice from the Taipei District Court on January 7, 2020 and has appointed attorneys to work with the court. Subsequently, the case was transferred to the Taipei District Court for adjudication by the Taiwan High Court due to jurisdictional errors, and was rejected by the Taipei District Court on February 27, 2020.

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2. The Company has signed a contract to sell 100% shares of Tatung Mexico S.A de C.V. on March 6, 2020. The buyer has paid 60% of the down payment according to the contract. Such transaction is expected to be completed within a year. The transaction was still ongoing as of the report date of the financial statement.
3. The Company's subsidiary, CPT, resolved to withdraw public issuance of shares at board meeting held on November 12, 2019 and was approved at the shareholders' meeting held on December 30, 2019. Later CPT received Letter Jin-Guan-Zheng-Fa No. 1090131578 to approve withdrawal of public issuance of shares on February 17, 2010.
4. The Company's subsidiary, CPT, planned to dispose of Yangmei No. 1 plant, No. 2 plant, manufacturing equipment and Hsin-Cheng dormitory, and appointed REPro KnightFrank CO. to arrange the auction from January 16, 2020 to February 5, 2020.
5. The Company's subsidiary, CPT, planned to dispose of the property and manufacturing equipment in the plants in Yangmei and Langtan, and appointed REPro KnightFrank CO. and Savills Co. to arrange the auction from March 10, 2020 to April 13, 2020.
6. The Company's subsidiary, CPT, learned that its shareholders filed a civil complaint to Taoyuan District Court on January 22, 2020, which appealed the resolutions of CPT's shareholders' meeting was ineffective on December 30, 2019. However, CPT has not received the indictment. once CPT receives the formal notice from the court, it will engage legal counsel to protect CPT's legal right.
7. The Group's subsidiary CPTB of shares of CPTTG 129.6 million shares of were in judicial sale on Alibaba auction website on December 24 and 25 2019 by order of Ningde high court. After that, Xing-Yu Lai, the successful tenderer, raised an objection to the court due to the difference between auction price and final price. Nide high court cancelled the verdict No.(2019)Ming(09)Zhi(152) issued by Nide high court on January 20,2020. The Nide high Court had conducted the online auction on the Alibaba judicial auction network platform against the CPTTG's shares, totally 129,600,000 shares owned by CPTB for public auction again, at time from 10:00 on March 30, 2020 to 10:00 o March 31, 2020(except for postpone).
8. The shares held by the Group's subsidiary Chunghwa Picture Tubes (Bermuda) Ltd., the shares of listed company stocks—CPTTG, 153,000,000 shares were in judicial sale on Taobao website by the order of high court in Fuzhou city from December 24 to December 25, 2019, Fujian province, but bought-in. And then, the second auction was held from February 11 to February 12, but bought-in also. The Group will monitor the situation of the judicial sale of shares of listed company stocks—CPTTG continuously.
9. The 42,000,000 shares of listed company stocks—CPTTG held by the Group's subsidiary Chunghwa Picture Tubes (Bermuda) Ltd. were auctioned by the court ruling No (2019) Ming(01) Zhi(964-1) issued by the high court in Fuzhou city, Fujian province, and appointed Huarong Securities Co. for public sale. Huarong securities Co sold 27,640,594 shares, which was accounting for 0.999% of CPT's total share capital from December 12 to December 17, 2019 through second level of securities market. The remaining 14,359,406 shares will be auctioned by Huarong Securities Co. on March 17 2020.

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10. The Group's subsidiary, Chunghwa Picture Tubes (Bermuda) Ltd., was informed that China Railway Trust Limited sued CPTF Optronics (Shen-Zhen) Co., Ltd. and Chunghwa Picture Tubes (Bermuda) Ltd. to Shen-Zhen district court for financial loan contract on March 8, 2019 and then CPTF Optronics (Shen-Zhen) Co., Ltd. received civil ruling and notice of responding stamped on May 7, 2019 on July 16, 2019. According to the civil ruling, China Railway Trust Limited changed defendant to CPTF Optronics (Shen-Zhen) Co., Ltd. and litigation was opened a court session in fifteenth court of Shen-Zhen high court. On August 21, 2019, after that, CPTF Optronics (Shen-Zhen) received the civil ruling (2019)YUE(03)MIN-CHU(832) issued by Shen-Zhen high court, mentioned the prosecution of Chunghwa Picture Tubes (Bermuda) Ltd. was cancelled and CPTF Optronics (Shen-Zhen) Co., Ltd. filed an appeal to Guangdong high court on November 12, 2019. Shen-Zhen district court verified the payment of appeal fee in January 2020, and did not received notice of court session. The Group will monitor the related situation continuously.
11. The Company's subsidiary, SCSC, resolved to withdraw public issuance of shares considering the overall operation planning at its board meeting held on January 8, 2020 and was approved at the shareholders' meeting held on March 3, 2020.

12. Other

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2019	2018
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	\$875,094	\$1,072,227
Subtotal	875,094	1,072,227
Financial assets at fair value through other comprehensive income (including non-current)	6,691,129	7,292,241
Financial assets measured at amortized cost:		
Cash and cash equivalents (without cash on hand)	10,198,218	8,849,710
Financial assets measured at amortized cost (including non-current)	4,205,396	3,659,073
Contract assets (including non-current)	350,830	291,000
Notes receivable (including related parties)	230,735	464,015
Accounts receivable (including related parties)	4,946,388	7,376,687
Operating lease receivable	11,596	(Note)
Financial lease receivable (including non-current)	401,960	(Note)
Other receivables (including related parties) (including non-current)	1,554,745	1,844,926
Other non-current assets — deposits-out	1,011,769	1,054,587
Subtotal	22,911,637	23,539,998
Total	\$30,477,860	\$31,904,466

Note: The Group adopted IFRS is since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.

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Financial liabilities

	As of December 31,	
	2019	2018
Financial liabilities at amortized cost:		
Short-term loan	\$5,550,814	\$14,061,357
Short-term notes and bills payable	565,352	441,907
Payables (including related parties) (including non-current)	27,607,577	31,952,142
Long-term loans (including current portions)	40,940,840	46,768,114
Lease liability (including non-current)	1,465,541	(Note)
Deposits in	125,498	116,534
Subtotal	<u>76,255,622</u>	<u>93,340,054</u>
Financial liabilities at fair value through profit or loss:		
Held for trading	2,808	-
Total	<u>\$76,258,430</u>	<u>\$93,340,054</u>

Note: The Group adopted IFRS is since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.

(2) Financial risk management objectives and policies

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

The Group 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 Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 are usually connections between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

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Foreign currency risk

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

The Group's certain foreign currency receivables are denominated in the same foreign currency with foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on 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 Group.

The foreign currency sensitivity analysis is performed on significant monetary items denominated in foreign currencies at the end of the reporting period. The analysis mainly focuses on foreign currency's appreciation and depreciation, which will affect the Group's profit. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD, JPY and RMB.

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, 2019 and 2018 will increase (decrease) by NTD139,227 thousand and NTD175,691 thousand, respectively.
- (b) When NTD appreciates or depreciates against JPY by 1%, the profit for the years ended December 31, 2019 and 2018 will increase (decrease) by NTD2,370 thousand and NTD18,578 thousand, respectively.
- (c) When NTD appreciates or depreciates against RMB by 1%, the profit for the years ended December 31, 2019 and 2018 will increase (decrease) by NTD4,355 thousand and NTD24,894 thousand, respectively.

Interest rate risk

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

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the balance sheet date, an increase/decrease of 10 basis points of interest rate could cause the profit for the years ended December 31, 2019 and 2018 to decrease/increase by NTD41,840 thousand and NTD56,558 thousand, respectively.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while unlisted equity securities are classified under measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed equity securities, mandatorily measured at fair value through profit or loss could increase/decrease the Group's profit for 2019 and 2018 by NTD1,381 thousand and NTD1,295 thousand, respectively.

At the reporting date, 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 NTD4,026 thousand and NTD68,838 thousand on the equity attributable to be Group for 2019 and 2018, respectively.

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.



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(4) Credit risk management

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

Credit risk is managed by each business unit subject to the Group'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 Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2019 and 2018, contract assets and amounts receivables from top ten customers represent 34.68% and 25.76% of the total contract assets and accounts receivables of the Group, respectively. The credit concentration risk of other contract assets and accounts receivables is insignificant.

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

The Group adopted IFRS 9 to assess the expected credit losses. Except for contract assets and trade receivables, 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 Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk and then further determines the method of measuring the loss allowance and the loss rates.

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).

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(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less Than		More than		Total
	1 Year	2-3 Years	4-5 Years	5 Years	
<u>December 31, 2019</u>					
Loans	\$21,485,049	\$24,242,622	\$3,227,385	\$49,242	\$49,004,298
Short-term notes and bills payable	566,000	-	-	-	566,000
Payables (including relates parties) (including non-current)	27,607,577	-	-	-	27,607,577
Deposit-in	118,523	5,995	-	980	125,498
Lease liabilities (Note 2)	372,860	495,793	315,300	597,637	1,781,590
<u>December 31, 2018</u>					
Loans	\$32,296,391	\$28,770,503	\$1,103,581	\$483,145	\$62,653,620
Short-term notes and bills payable	442,180	-	-	-	442,180
Payables (including relates parties) (including non-current)	31,917,412	34,523	207	-	31,952,142
Deposit-in	110,251	5,303	-	980	116,534
Lease liabilities (Note 1)	-	-	-	-	-

Note:

- 1 The Group adopted IFRS 16 is since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS.
2. Including cash flows resulted from short-term lease or leases of low-value assets.

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Derivative financial liabilities

	Less Than			More than	Total
	1 Year	2-3 Years	4-5 Years	5 Years	
<u>December 31, 2019</u>					
Flow-in	\$-	\$-	\$-	\$-	\$-
Flow-out	(2,808)	-	-	-	(2,808)
Net	<u>\$(2,808)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(2,808)</u>
 <u>December 31, 2018</u>					
Flow-in	\$2,023	\$-	\$-	\$-	\$2,023
Flow-out	-	-	-	-	-
Net	<u>\$2,023</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,023</u>

Tables above about the disclosures of derivative financial liabilities were disclosed by the undiscounted net cash flow.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for 2019:

	Short-term		Long-term		Long-term	Total liabilities from financing activities
	notes and bills payable	borrowings	(including current portion)	Lease liability		
January 1, 2019	\$441,907	\$14,061,357	\$46,768,114	\$1,812,646	\$87,800	\$63,171,824
Cash flows	123,445	(7,021,662)	(3,233,648)	(403,704)	(46,449)	(10,582,018)
Other (Note)	-	(1,488,881)	(2,593,626)	56,599	-	(4,025,908)
December 31, 2019	<u>\$565,352</u>	<u>\$5,550,814</u>	<u>\$40,940,840</u>	<u>\$1,465,541</u>	<u>\$41,351</u>	<u>\$48,563,898</u>

(Note: Other are from effect of exchange rate changes, derecognized the subsidiary and non-cash changes)

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Reconciliation of liabilities for 2018:

	Short-term notes and bills payable	Short-term borrowings	Long-term borrowings (including current portion)	Long-term payables	Total liabilities from financing activities
January 1, 2018	\$3,487,053	\$41,552,640	\$57,359,978	\$88,693	\$102,488,364
Cash flows	(2,137,557)	(458,693)	3,742,571	(893)	1,145,428
Deduction because of de-consolidating certain entities	(894,848)	(25,352,378)	(14,290,940)	-	(40,538,166)
Other (Note)	(12,741)	(1,680,212)	(43,495)	-	(1,736,448)
December 31, 2018	<u>\$441,907</u>	<u>\$14,061,357</u>	<u>\$46,768,114</u>	<u>\$87,800</u>	<u>\$61,359,178</u>

(Note: Other are from effect of exchange rate changes and non-cash changes)

(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 Group to measure or disclose the fair values of financial assets and financial liabilities:

- ① The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturities.
- ② 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.
- ③ 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).

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- ④ Fair value of debt instruments without market quotations, bank loans, lease liabilities 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.)
- ⑤ The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

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

The Group's financial instruments measured at amortized cost include cash and cash equivalents, receivables, payables, financial assets measured at amortized cost, long-term and short-term loans, short-term notes and bills payable, deposit-in, deposit-out and lease liability whose carrying amount approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

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

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at December 31, 2019 and 2018 are as follows:

The Company

Forward exchange contracts

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

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December 31, 2019

	Currency	Period
Buying currency exchange forward	Buy USD7,000 thousand	October 2019-April 2020

December 31, 2018

	Currency	Period
Buying currency exchange forward	Buy USD26,950 thousand	July 2018-June 2019
Buying swaps	Buy USD8,000 thousand	July 2018-May 2019

Exchange options

December 31, 2019

The following table refers to the related conditions with regard to the Company's unsettled exchange options on December 31, 2019.

Counterparty bank	Foreign exchange rate	Foreign exchange rate on the date of settlement FX (USD in thousands)	Term of settlement (USD in thousand)
A	USD/NTD	FX <30.85	Executing price at 30.85 to buy USD1,000
A	USD/NTD	FX <30.72	Executing price at 30.72 to buy USD1,000
A	USD/NTD	FX <30.40	Executing price at 30.40 to buy USD1,000

As of December 31, 2019, foreign exchange options contracts that had settled amounted to USD3,000 thousand, with a fair value of NTD (205) thousand (including royalties amounted to NTD205 thousand unrealized gain amounted to NTD0 thousand), recognized as financial liabilities carried at fair value through profit or loss-current.

December 31, 2018

There were no unsettled exchange options in 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.

(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:

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

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

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

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
Financial assets at fair value through profit or loss:				
Stocks	\$138,131	\$-	\$-	\$138,131
Capital-guaranteed financial products	-	-	718,935	718,935
Open-end funds	15,028	-	-	15,028
Bonds	3,000	-	-	3,000
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	402,558	-	6,288,571 (Note)	6,691,129
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	-	2,808	-	2,808

Note: CPT's shares of listed company stocks—CPTTG were pledged and frozen by the court on January, 2019, thus CPT appointed appraised company to release appraisal report for measuring its market value. The market value was considered liquidation discount which was measured by Protective Put Model. Therefore, listed company stocks—CPTTG were considered as level 3 of financial assets at fair value.

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December 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
Financial assets at fair value through profit or loss:				
Stocks	\$129,492	\$-	\$-	\$129,492
Forward foreign exchange contracts	-	2,023	-	2,023
Capital-guaranteed financial products	-	-	940,712	940,712
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	6,883,815	-	408,426	7,292,241

Transfers between Level 1 and Level 2 during the period

There were no transfers between Levels 1 and 2 for the years ended December 31, 2019 and 2018.

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

	Assets			Total
	At fair value through profit/loss	Capital guaranteed Commodities	At fair value through other comprehensive income	
January 1, 2019	\$940,712	\$-	\$408,426	\$1,349,138
During 2019				
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	-	(234,809)	(234,809)
Acquisition/Issuance, 2019	2,091,415	523,688	-	2,615,103
Disposal/Liquidation, 2019	(2,284,632)	(523,688)	(43,365)	(2,851,685)
Transfer to level 3	-	-	6,103,315	6,103,315
Exchange differences	(28,560)	-	55,004	26,444
December 31, 2019	\$718,935	\$-	\$6,288,571	\$7,007,506



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	Assets		Total
	At fair value through profit/loss Capital-guaranteed financial products	At fair value through other comprehensive income Stocks	
January 1, 2019	\$633,076	\$274,919	\$907,995
During 2018			
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	-	42,529	42,529
Acquisition/Issuance, 2018	1,949,687	-	1,949,687
Disposal/Liquidation, 2018	(1,624,966)	-	(1,624,966)
Transfer to level 3	-	90,978	90,978
Exchange differences	(17,085)	-	(17,085)
December 31, 2018	\$940,712	\$408,426	\$1,349,138

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, 2019:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	0%~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 Group’s equity by NTD62,483 thousand
Stocks	Asset approach	discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group’s equity by NTD195 thousand
At fair value through profit or loss					
Capital-guaranteed financial products	Market approach	Price of the financial products	-	-	Transactions involving financial products are currency transactions, and hence their value are equal to the fair value.

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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 at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's equity by NTD828 thousand
At fair value through profit or loss					
Capital-guaranteed financial products	Market approach	Price of the financial products	-	-	Transactions involving financial products are currency transactions, and hence their value are equal to the fair value.

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

The Group's 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 analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

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

As at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments under the equity method (please refer to Note 6(9))	\$2,088,913	\$-	\$-	\$2,088,913

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As at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments under the equity method (please refer to Note 6(9))	\$1,883,071	\$-	\$-	\$1,883,071

(10) Significant assets and liabilities denominated in foreign currencies

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

unit: thousands of foreign currencies, thousand of NTD  
As of December 31, 2019

	Foreign currency	Exchange rate	NTD
<u>Financial Assets -</u>			
<u>Monetary items</u>			
USD	\$111,892	29.9800	\$3,354,522
JPY	597,172	0.2760	164,819
RMB	279,747	4.3050	1,204,311
<u>Financial assets at fair value through other comprehensive income</u>			
RMB	1,313,351	4.3050	5,653,976
<u>Investments under equity method</u>			
RMB	11,307	4.3050	48,677
<u>Non-current assets held for sale</u>			
VND	217,392,124	0.0013	287,750
<u>Financial Liabilities -</u>			
<u>Monetary items</u>			
USD	549,773	29.9800	16,482,195
JPY	6,756,669	0.2760	1,864,841
RMB	915,692	4.3050	3,942,054

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As of December 31, 2018				
	Foreign currency		Exchange rate	NTD
<u>Financial Assets -</u>				
<u>Monetary items</u>				
	USD	\$86,596	30.7150	\$2,659,784
	JPY	390,297	0.2782	108,581
	RMB	501,023	4.4753	2,242,228
<u>Financial assets at fair value through other comprehensive income</u>				
	RMB	1,363,778	4.4753	6,103,315
<u>Investments under equity method</u>				
	RMB	15,091	4.4753	67,536
<u>Non-current assets held for sale</u>				
	VND	217,392,124	0.0013	287,750
<u>Financial Liabilities -</u>				
<u>Monetary items</u>				
	USD	658,603	30.7150	20,228,987
	JPY	7,073,022	0.2782	1,967,715
	RMB	1,065,510	4.4753	4,781,903

Because the subsidiaries used a wide range of functional currencies, the Group could not disclose the foreign exchange gain or loss of financial asset and liability by each foreign currency with significant effect. The net loss or net gain from foreign exchange currencies of the Group were NTD560,854 thousand and NTD (1,634,229) thousand for the years ended December 31, 2019 and 2018, respectively.

The information above was presented in book value of foreign currency which has been translated to functional currency.

(11) Capital management

The primary purpose of the Group's capital management is to ensure the Group can maintain a strong credit rating and healthy capital ratios in order to support its business and maximize equity value. The Group manages and adjusts its capital structure in accordance with changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment, return capital or issue new shares.

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(12) With respect to the case regarding Nature Worldwide Technology Co., the former chairman Wei-Shan Lin was sentenced to imprisonment and penalties by the Taiwan High Court on August 23, 2017. Wei-Shan Lin appealed to the Supreme Court of the ROC. The Supreme Court rejected the appeal which was the 107<sup>th</sup> Annual Tai-shang-zi No.1831 on May 29, 2019 and sustained the original judgement.

Wei-Shan Lin resigned as the director and chairman of the Company on February 1, 2018. The Company's operations, finance and business were not affected by the above personal cases and will continue as usual.

(13) With respect to the controversies between the Company and shareholders, such as exercise of disgorgement, 2017 shareholders' meeting resolution effectiveness, exercise of shareholders' voting right, appointment of inspector, injunctive relief, application for convening a special meeting of shareholders by minority shareholders etc., the Company has responded to the court and the Ministry of Economic Affairs separately. Before receiving any court, judgment and ruling of the Ministry of Economic Affairs, the Company shall exercise its rights in accordance with the law to protect the rights and interests of the Company and its shareholders. If there is any further development, it will be announced to the public as material information according to law. The Company's operations, finance and business were not affected by the above personal cases and will continue as usual.

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) Disposal of real estate up to the amount exceeding the lower of NTD300 million or 20% of capital stock: Attachment 5.
- (f) Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 6.

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- (g) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 7.
  - (h) Engaging in derivative transactions: refer to Note 6 and Note 12 in the consolidated financial statements.
  - (i) Intercompany Relationships and Significant Intercompany Transactions: refer to Attachment 10.
- (2) Information on investees:

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: refer to Attachment 8.

(3) Information on investments in China:

- (a) The investee company name, main business, paid-in capital, type of the investment, capital inflow and outflow, ownership, investment gains and losses, ending balance of investment, repatriation of investment income and the mainland investment limit scenario: refer to Attachment 9.
- (b) Transactions 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 below:
  - ① Ending balance and percentage of purchase and related payables: refer to Attachment 6.
  - ② Ending balance and percentage of sales and related receivables: refer to Attachment 6.
  - ③ Gains and loss on the transaction of property: None.
  - ④ Ending balance and purpose of endorsement guarantees or collateral: refer to Attachment 2.
  - ⑤ Ending balance, maximum limit, interest rates range and current interest amount of financing: refer to Attachment 1.
  - ⑥ Other investments that have significant impact on current profit or financial condition, such as the services provided or received: None.

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14. Segment information

For management purposes, the Group organized its business units based on their products and services and has four reportable operating segments as follows:

- (1) Optical department: This department is responsible for CRT, TFT-LCD backlight module manufacturing and production, development of liquid crystal display modules, electronic switches and sensors and solar modules virus, manufacturing and sales.
- (2) Machinery and energy department: The department is responsible for the research, manufacture and sales of intelligent grid, smart-grid portal, photovoltaics, LED lighting, motor and machinery and energy control system.
- (3) Consumer products department: This department is responsible for digital television, flat panel display manufacturing, digital media devices, digital audio-visual and home appliances, etc.
- (4) Real estate development department: This department is responsible for the development of real estate.

No operating segments have been aggregated to form the above reportable operating segments. Other business activities that are not reported and the related information of the operating segments are disclosed under the “Other Operating Segments” section.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

The entity should disclose measurement of assets of reportable operating segments in accordance with IFRS 8 “Operating Segments.” However, the Group did not disclose such information because the measurement of the Company and the subsidiaries’ assets and liabilities were not provided to the operation decision maker.

Transfer prices between operating segment are on an arm’s length basis in a manner similar to transactions with third parties.

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For the year ended December 31, 2019

	Optical	Machinery and energy	Consumer products	Real estate development	Other operating segments	Adjustment and elimination	Consolidated
Revenue							
External customer	\$1,507,876	\$19,446,163	\$9,428,123	\$3,614,369	\$1,426,484	\$-	\$35,423,015
Inter-segment	8,213	2,961,857	4,197,881	494,021	475,605	(8,137,577)	-
Total revenue	<u>\$1,516,089</u>	<u>\$22,408,020</u>	<u>\$13,626,004</u>	<u>\$4,108,390</u>	<u>\$1,902,089</u>	<u>\$(8,137,577)</u>	<u>\$35,423,015</u>
Segment (loss) profit	<u>\$(11,955,010)</u>	<u>\$(8,427,195)</u>	<u>\$(1,441,166)</u>	<u>\$10,391,005</u>	<u>\$2,579,582</u>	<u>\$(302,677)</u>	<u>\$(9,155,461)</u>

For the year ended December 31, 2018 (restated)

	Optical	Machinery and energy	Consumer products	Real estate development	Other operating segments	Adjustment and elimination	Consolidated
Revenue							
External customer	\$24,018,910	\$23,494,587	\$11,059,676	\$586,465	\$1,463,087	\$-	\$60,622,725
Inter-segment	1,095	6,181,810	6,351,200	380,335	1,095,691	(14,010,131)	-
Total revenue	<u>\$24,020,005</u>	<u>\$29,676,397</u>	<u>\$17,410,876</u>	<u>\$966,800</u>	<u>\$2,558,778</u>	<u>\$(14,010,131)</u>	<u>\$60,622,725</u>
Segment profit (loss)	<u>\$(25,282,861)</u>	<u>\$(14,152,711)</u>	<u>\$106,021</u>	<u>\$1,041,065</u>	<u>\$(14,313,826)</u>	<u>\$19,309,404</u>	<u>\$(33,292,908)</u>

<sup>1</sup> Revenue was from information software and real estate development that are operating segments that did not meet the quantitative thresholds for reportable segments.

<sup>2</sup> Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

(2) Geographical information

Revenue from external customers

	For the years ended	
	2019	2018
Taiwan	\$31,674,107	\$48,677,211
China	1,335,948	9,065,412
Asia	853,855	1,015,560
Europe	164,400	129,171
America	1,394,705	1,735,371
Total	<u>\$35,423,015</u>	<u>\$60,622,725</u>

The revenue information above is based on the locations of the customers.



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Non-current assets

	As of December 31,	
	2019	2018
Taiwan	\$63,925,933	\$78,975,499
China	727,154	1,032,763
Asia	565,047	495,943
Europe	-	2,623
America	132,938	127,637
Total	<u>\$65,351,072</u>	<u>\$80,634,465</u>

The Group's geographical revenue is calculated based on the locations the receiving area. Non-current assets included property, plant and equipment, right-of-use asset, investment property, intangible assets, other non-current assets and long-term receivable.

(3) Information about major customers

The Company's sales to any single customer did not account for more than 10% of its net consolidated sales of 2019 and 2018. Accordingly, no disclosure is required.

ATTACHMENT 1  
 Financing provided to others  
 (Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related Party (Note 18)	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	San Chih Semiconductor Co., Ltd.	Other receivables - related parties	Yes	\$20,000	\$20,000	\$20,000	2.20%	2		Business turnover	\$-	Wafer factory holding by San Chih Semiconductor Co., Ltd.	246,895	14,662,523	14,662,523	
0	Tatung Co., Ltd	Changhwa Picture Tubes, Ltd.	Long-term receivables- related parties	Yes	1,995,145	1,995,145	1,995,145	0.00% (Note 11)	2		Loan repayment	-	Equipment Shares (Note 10)	2,613,647	14,662,523	14,662,523	(Note 9)
1	Shan-Chih Asset Development Co.	Tatung Co., Ltd	Other receivables - related parties	Yes	2,450,000	1,950,000	1,950,000	3.50%	2		Business turnover	-	None	-	5,805,404	11,610,808	
		Nature Worldwide Technology Corp.	Other receivables - related parties	Yes	68,991	68,991	68,991	3.00%	2		Business turnover	68,991	None	-	5,805,404	11,610,808	(Note 12)
		Tatung InfoComm Co., Ltd.	Long-term receivables	No	611,367	611,359	611,359	2.00%	2		Business turnover	611,359	None	-	5,805,404	11,610,808	(Note 13)
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	-	165,962	165,962	(Note 14)
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	-	12,585	50,338	(Note 15)
4	Taipei Industry Corporation	Green Energy Technology Inc.	Other receivables	Yes	200,000	200,000	200,000	3.00%	2		Business turnover	200,000	Machinery, equipment	289,673	308,458	308,458	(Note 16)
5	Tatung Coatings (Kunshan) Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Other receivables - related parties	Yes	16,108 (CNY 3,500)	-	-	Kunshan lending rates+0.25%	2		Business turnover	-	None	-	77,317	77,317	
6	Huain Tatung Advanced Technology Materials Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Other receivables - related parties	Yes	13,563 (CNY 3,000)	6,458 (CNY 1,500)	6,458 (CNY 1,500)	Huainian lending rates+0.25%	2		Business turnover	-	None	-	37,132	37,132	
6	Huain Tatung Advanced Technology Materials Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Other receivables - related parties	Yes	8,395 (CNY 1,950)	8,395 (CNY 1,950)	8,395 (CNY 1,950)	Huainian lending rates+0.25%	2		Business turnover	-	None	-	37,132	37,132	
7	Shang Chih International Chemical Industry Co. Ltd.	Tatung Fine Chemicals Co., Ltd.	Other receivables - related parties	Yes	2,074 (USD68)	2,039 (USD68)	2,039 (USD68)	Shanghai lending rates+0.25%	2		Business turnover	-	None	-	47,560	47,560	

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.

Note 9: 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 Changhwa Picture Tubes, Ltd. for its bank loans. As Changhwa Picture Tubes, Ltd. applied for financial structuring on December 13, 2018, banks claimed maturity of the loans and offset the TWD2 billion security against the loans. As of December 31, 2018, the Company had a claim against Changhwa Picture Tubes, Ltd. in the amount of TWD1,995,145 thousand and such amount was recognized as financing provided to Changhwa Picture Tubes, Ltd. according to the resolutions of the board of directors of Tatung Co., Ltd. on December 27, 2018. Regarding the long-term receivable-Changhwa Picture Tubes, Ltd., the Company received rulings of orders of payment on July 22, 2019, however, Changhwa Picture Tubes, Ltd. raised an objection on September 6, 2019. Thus, the Company refiled the payment order on November 1, 2019.

Note 10: After the Taiwan Tawnyan district court delivered the final ruling of payment orders, Changhwa Picture Tubes, Ltd. did not pursue an appeal, and then the Company received the finalized ruling of payment orders on February 13, 2020 which demanded Changhwa Picture Tubes, Ltd. to pay NT\$1,995,145 thousand with interest at 5% annually to the Company.

Note 11: The value of collaterals shall refer to the value of equipment, which was located in Changhwa Picture Tubes, Ltd.'s plants in Longtan and Yang Mei, and the 100% shares of Changhwa Picture Tubes (Bermuda) Ltd. The appraisal value of collaterals was TWD 2,517,392 thousand which was appraised by Grand Elite Property Appraisal Co., Ltd.

Note 11: Since Changhwa Picture Tubes, Ltd. raised an objection against the Company's petitions for orders of payment on September 6, 2019, the interest rate could not be determined as of December 31, 2019. After receiving the finalized ruling of orders of payment on February 13, 2020, the Company was entitled to claim TWD1,995,145 thousand with interest at 5% annually.

Note 12: 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 13: The financing provided by Shan-Chih Asset Development Co. to Tatung InfoComm Co., Ltd. used to be 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.

Note 14: Hence, the financing was disclosed under Shan-Chih Asset Development Co. and Shan-Chih Asset Development Co. is the one collecting payments. According to the execution which issued by Taichung District court No.98353 on October 2, 2019, the company was received NTD8 thousand on November 22, 2019.

Note 14: 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.

Note 14: 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.

Note 14: 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.

Note 15: 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 15: 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.

Note 15: 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.

Note 15: Hence, Chih Sheng Investment Co., Ltd. had recognized such amount as loss allowance in 2014. Chih Sheng Investment Co., Ltd. continues to negotiate with other shareholders to reach a consensus to support HEDA Biotechnology Co., Ltd. with liquidation procedures.

Note 15: However, if the liquidation fails, Chih Sheng Investment Co., Ltd. will continue to negotiate with other shareholders for other solutions.

Note 16: Taipei Industry Corporation provided financing of NTD200 million to Green Energy Technology Inc. in April 2018, acquiring equivalent amount of 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.

Note 16: Taipei Industry Corporation had sent legal attest letters for the repayments on January 3, 2019 and will file an action to the Court for enforcement.

Note 17: The value of collaterals was measured while acquired.

Note 18: As Green Energy Technology Co., Ltd.'s shareholders' meeting approved the liquidation proposal, it is no longer a related party of the Group.

## ATTACHMENT 2

## Endorsement/Guarantee provided to others

(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	\$9,164,077	\$2,188,000	\$1,119,320	\$826,620	\$-	3.05%	\$18,328,154	Y	N	N
		San Chih Semiconductor Co., Ltd.	2	9,164,077	60,000	60,000	56,000	56,000	0.16%	18,328,154	Y	N	N
1	Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	2	7,256,755	80,000	80,000	80,000	-	0.28%	14,513,510	N	N	N
		Tatung Co., Ltd	3	72,567,552	29,900,000	27,960,000	25,853,311	41,779,275	96.32%	72,567,552	N	Y	N
2	Huaian Tatung Advanced Technology Materials Co., Ltd.	Tatung Fine Chemicals Co., Ltd.	3	55,697	103,553 (Note 10)	45,203	37,000	40,898	73.04%	55,697	N	N	N
3	Tatung Coatings (Kunshan) Co., Ltd.	Tatung Fine Chemicals Co., Ltd.	3	115,976	104,544	43,050	18,000	21,525	33.41%	115,976	N	N	N
4	Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	2	438,505	94,800 (USD3,000) (Note 9)	-	-	-	-	730,841	N	N	N
5	Suzhou Forward Electronics Technology Co., Ltd.	Forward Electronics Co., Ltd.	3	349,035	340,000	-	-	-	-	581,724	N	N	N
6	Tatung System Technologies Inc.	Chyun Huei Commercial Technologies Inc.	2	262,379	127,074	55,976	55,976	-	4.27%	655,948	N	N	N
		Tisnet Technology Inc.	2	262,379	70,000	-	-	-	-	655,948	N	N	N
		TSTI Technologies (Shanghai) Co., Ltd.	2	262,379	74,040	-	-	-	-	655,948	N	N	Y
7	Chyun Huei Commercial Technologies Inc.	Tatung System Technologies Inc.	3	22,833	8,000	8,000	1,346	-	7.01%	57,083	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

- The Company is coded "0".
- 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:

- An investee company that has a business relationship with Tatung Co., Ltd
- A investee in which Tatung holds directly and indirectly over 50% of voting shares.
- An investee in which Tatung and its subsidiaries directly and indirectly hold over 50% of voting shares.
- A investee in which Tatung holds directly and indirectly over 90% of voting shares.
- An investee that has provided guarantees to Tatung Co.,Ltd. and vice versa, due to contractual requirements.
- An investee in which Tatung conjunctly invests with other shareholders, and for which Tatung has provided endorsement/guarantee in proportion to its shareholding percentage.
- 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 250% 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: Calculated based on the ending exchange rate.

Note 9: Exchange rate is based on the day when the transaction occurs.

Note 10: Huaian Tatung Advanced Technology Materials Co., Ltd. provided guarantee to Tatung Fine Chemicals Co., Ltd. which exceeded endorsement/guarantee limits due to the double entry because the board meeting was held earlier than the due date of previous quarantee. The endorsement quarantee did not exceed the limits substantially.

- Previous loan endorsement credit line was RMB12 million, and it was terminated on February 14, 2019.
- The renewed loan endorsement credit line from February 15, 2019 was RMB 9 million, and the news was released on January 10, 2019.
- The renewed loan endorsement credit line was RMB1.5 million from February 15, 2019, which was released to the public on January 30, 2019.

## ATTACHMENT 3

Securities held for the year ended December 31, 2019 (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	75	-	75	(Note7)
	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	37,457	9.90	37,457	
	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	5,828	0.63	5,828	
	Stock—United Electric Industry Co.Ltd	-	Financial assets at fair value through other comprehensive income, current	1,615,732	14,512	2.77	14,512	
	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	125,294	10.00	125,294	
	Stock—Taiwan Cogeneration Co.	-	Financial assets at fair value through other comprehensive income, current	4,727,920	141,365	0.80	141,365	
	Stock—Rechi Precision Co., Ltd	-	Financial assets at fair value through other comprehensive income, current	679,761	15,601	0.13	15,601	
	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,027,056	43,458	2.51	43,458	
	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	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	19,723,865	-	4.54	-	
	Stock—VOLTAMP POWER SAOC	-	Financial assets at fair value through other comprehensive income, non-current	1,366,588	106,390	18.55	106,390	
Fund—FSITC Global Wealthy Nations Bond Fund Acc TWD N.	-	Financial assets at fair value through profit or loss, current	1,500,000	15,004	-	15,004		
Chih De Investment Co., Ltd.	Stock—Elite Semiconductor Memory Technology Inc.	-	Financial assets at fair value through profit or loss, current	2,000	78	-	78	
	Stock—Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through profit or loss, current	5,000	104	-	104	
	Stock—Walton Advanced Engineering Inc.	-	Financial assets at fair value through profit or loss, current	10,000	116	-	116	
	Stock—BenQ Materials Corporation	-	Financial assets at fair value through profit or loss, current	5,000	94	-	94	
	Stock—Nien Hsing Textile Co., Ltd	-	Financial assets at fair value through profit or loss, current	2,475	52	-	52	

## ATTACHMENT 3-1

Securities held for the year ended December 31, 2019 (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.	-	Financial assets at fair value through other comprehensive income, non-current	70,897	\$-	0.07	\$-	(Note7)
	Stock—Pheeda Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,000,000	-	3.51	-	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	91,589,274	-	21.10	-	
Forward Electronics Co., Ltd.	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through profit or loss, current	4,484,582	136,107	5.92	136,107	(Note6)
	Stock—Tatung Co., Ltd.	Parent-subsiary	Financial assets at fair value through other comprehensive income, non-current	4,475,000	93,975	0.19	93,975	
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	-	Financial assets at fair value through profit or loss, current	-	210,945	-	210,945	
	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss, current	-	(RMB 49,000)	-	(RMB 49,000)	
	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss, current	-	271,215	-	271,215	
	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss, current	-	(RMB 63,000)	-	(RMB 63,000)	
Chih Sheng Investment Co., Ltd.	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	2,727,272	115,368	6.65	115,368	(Note7)
	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	804,000	24,401	1.06	24,401	
	Stock—Tatung Atherton Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,000,000	35,935	10.00	35,935	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	33,960,610	-	7.83	-	
	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	148,186	3,260	-	3,260	(Note7)
	Stock—Cathay Financial Holdings Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	42,997	1,830	-	1,830	
	Stock—Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	3,887	78	-	78	
	Stock—CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	747,636	16,747	-	16,747	
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	13,253,936	-	3.05	-	
	Stock—Tatung System Technologies Inc.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	179	3	-	3	
	Stock—Chunghwa Electronics Investment Co., Ltd.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	562,355	257	0.19	257	
	Claim—Tatung InfoComm Co., Ltd.	-	Other financial assets, non-current	-	53,000	-	53,000	
Bond—FSITC Global Wealthy Nations Bond Fund Acc TWD N.	-	Financial assets at fair value through profit or loss, current	-	3,000	-	3,000		
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	-	2.19	-	(Note6)
Shan Chih Investment Co., Ltd.	Stock—Tatung System Technologies Inc.	Affiliated company	Financial assets at fair value through other comprehensive income, non-current	567,472	9,732	0.80	9,732	(Note6)
	Stock—Green Energy Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,278,173	-	0.29	-	(Note7)
	Stock—Tatung Technology Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,027,056	43,458	2.51	43,458	
	Stock—Lastertech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	3,868,008	117,394	5.10	117,394	
Tatung Company of Japan, Inc.	Stock—Famuc Co.	-	Financial assets at fair value through other comprehensive income, non-current	1,000	5,611	-	5,611	
	Stock—Toyota Motor Co.	-	Financial assets at fair value through other comprehensive income, non-current	1,500	3,194	-	3,194	
	Stock—SONY Co.	-	Financial assets at fair value through other comprehensive income, non-current	4,400	8,988	-	8,988	
	Stock—Total 47 listed companies	-	Financial assets at fair value through other comprehensive income, non-current	109,184	64,088	-	64,088	

## ATTACHMENT 3-2

Securities held for the year ended December 31, 2019 (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	
Chunghwa Electronics Investment Co., Ltd.	Stock – Tatung Co., Ltd	Parent-subsiary	Financial assets at fair value through other comprehensive income, non-current	586	12	-	12	(Note6)
	Stock - Pegatron Corporation	-	Financial assets at fair value through profit or loss, current	1,000	68	-	68	
	Stock - ESUN Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss, current	15,000	419	-	419	
	Stock – Formosa Plastics Corporation	-	Financial assets at fair value through profit or loss, current	1,000	100	-	100	
	Stock - Taiwan Semiconductor Manufacturing Company	-	Financial assets at fair value through profit or loss, current	3,000	993	-	993	
	Stock - Yuanta FTSE4Good TIP Taiwan ESG ETF	-	Financial assets at fair value through profit or loss, current	1,000	24	-	24	
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	701,649,121	5,653,976	25.37	5,653,976	(Note4)(Note5)
	CPT TPV Optical (Fujian) Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income, non-current	-	17,574	5.00	17,574	
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	-	68,073	3.35	68,073	

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.

Note 5: Shares of Chunghwa Picture Tubes Technology (Group) Co., Ltd. were measured by market price on December 31, 2019 with consideration of certain assumptions, such as liquidation discount rate. The liquidation discount rate was considered as the shares of CPTTG have been forzen by court.

Note 6: All transactions are eliminated in the consolidated financial statements.

Note 7: After Green Energy Technology Co., Ltd's shareholders' meeting approved the liquidation proposal, the Group lost control of the company and the shares were reclassified to financial assets at fair value through other comprehensive income, non-current.

## ATTACHMENT 4

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20 percent of the capital stock.

Buyer/seller	Type and name of securities (Note 1)	Financial statement account (Note 2)	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	
Tatung Co., Ltd	Stock-Tungyang Energy Co., Ltd.	Investments accounted for under the equity method	Cash increase	Parent-subsiary	15,000,000	\$149,431	40,000,000	\$400,000	15,000,000 (Note6)	\$-	\$150,000	\$-	40,000,000	\$400,205 (Note3)	
	Stock-Tatung Forever Energy Co., Ltd.	Investments accounted for under the equity method	Cash increase	Parent-subsiary	48,558,308	462,930	110,000,000	1,100,000	-	-	-	-	158,558,308	1,508,602 (Note3)	
	Stock-Tatung Co. of Japan, Inc.	Investments accounted for under the equity method	Cash increase	Parent-subsiary	15,000	657,401	1,800,000	529,470	1,800,000 (Note7)	-	-	-	15,000	1,325,962 (Note3)	
Chunghwa Picture Tubes (Bermuda) Ltd.	Stock-Tatung Co., Ltd	Financial assets at fair value through other comprehensive income, non-current	-	-	59,652,985	1,545,013	-	-	59,652,985	1,267,063	3,169,340	(1,902,277) (Note5)	-	-	
Chunghwa Picture Tubes (Bermuda) Ltd.	Chunghwa Picture Tubes Technology(Group) Co., Ltd.	Financial assets at fair value through other comprehensive income, non-current	-	-	729,289,715	6,103,315,065	-	-	27,640,594	321,315	287,781	33,534	701,649,121	5,653,976	

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: The beginning balance of financial assets at fair value through other comprehensive income, non-current was measured by fair value based on the current period and investments accounted for under the equity method was measured under equity method.

Note 3: All transactions are eliminated in the consolidated financial statements.

Note 4: Only securities accounted for using the equity method are required to disclose such information.

Note 5: Chunghwa Picture Tubes (Bermuda) Ltd. disposed of shares of Tatung Co., Ltd and should be deemed as treasure stock trading. Gain(loss) on disposal of investments should be booked as retained earnings while preparing the consolidated financial statement.

Note 6: The disposal of investment accounted for under the equity method was due to capital reduction on September 3, 2019.

Note 7: The disposal of investment accounted for under the equity method was due to capital reduction on December 17, 2019.

## ATTACHMENT 5

Disposal of property at costs of at least NT\$300 million or 20% of the paid-in capital  
(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Company disposal of property	Types of property	Transaction date	Original acquisition date	Carrying amount(Note 4)	Transaction amount	Collection term	Gain (Loss) from disposal	Counter-party	Relationship	Disposal purpose	Price reference	Other term
Shan-Chih Asset Development Co.	Land 、 Construction in progress	February 26,2019	September 2003 and March 2010	\$1,545,727	\$7,078,000	Money received	\$5,535,273 (Note 5)	Pegatron Corporation	Non-relationship	Assets activation and supporting parent company's operating demand	Refer to the appraisal results from Savills property appraisal Co. and Honda real estate Co. as below: The appraisal results from Savills property appraisal Co. : TWD 4,377,571 thousand. The appraisal results from Honda real estate Co. : TWD 4,377,571 thousand.	NA
	Land 、 Building	March 7,2019	December 2003 ,September 2011 and October 2011	1,103,190	5,065,600	Money received	3,962,410 (Note 5)	Highwealth Construction Co.	Non-relationship	Assets activation and supporting parent company's operating demand	Refer to the appraisal results from REPRO property appraisal Co. and LianBang real estate Co. as below: The appraisal results from Savills property appraisal Co. : TWD 4,766,000 thousand. The appraisal results from LianBang real estate Co. : TWD 4,268,018 thousand.	NA

Note 1: If assets that are disposed of are required to be appraised pursuant to the law, the Company should state appraisal result in Price reference column.

Note 2: Transaction date shall refer to the date of contract execution signed by seller and buyer.

Note 3: The paid-in capital shall refer to the paid-in capital of the parent company. If securities issuers issued no-par value stocks or stocks with par value that are not TWD10 per share, the criteria shall be 10% of the amount attributable to parent company's equity.

Note 4: The carrying amount included property, plant and equipment, construction in progress and related expenses.

Note 5: The net amount of gain (Loss) from disposal have been eliminated land value incremental tax and related expenses.



## ATTACHMENT 6

Related party transactions for purchases and sales amounts exceeding NTS\$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-subsiary	Sales	\$(2,877,503)	(16.14)	-	No significant difference	Note 7	\$1,562,823	40.10	
	Tatung Co. of Japan, Inc.	Parent-subsiary	Sales	(345,019)	(1.94)	-	"	"	65,001	1.67	
	Tatung Electric Company of America, Inc.	Parent-subsiary	Sales	(190,839)	(1.07)	-	"	"	27,936	0.72	
	Tatung Co. of Japan, Inc.	Parent-subsiary	Purchases	584,722	4.51	-	"	"	(4,541)	(0.16)	
	Tatung (Shanghai) Co.,Ltd	Parent-subsiary	Purchases	129,994	1.00	-	"	"	(24,285)	(0.86)	
	Tatung Forestry and Construction Co.	Parent-subsiary	Purchases	136,992	1.06	-	"	"	(50,584)	(1.80)	
	Elitegroup Computer Systems Co., Ltd.	Company in associates	Purchases	446,732	3.44	-	"	"	(130,504)	(4.65)	
	Gintung Energy Co., Ltd.	Company in associates	Purchases	435,821	3.36	-	"	"	(18,336)	(0.65)	
Tatung Co. of Japan, Inc.	Tatung Co., Ltd	Parent-subsiary	Sales	(585,707)	(46.44)	60	"	"	50,050	3.53	
	Tatung Co., Ltd	Parent-subsiary	Purchases	354,857	30.99	60	"	"	(58,270)	(70.03)	
Tatung Electric Company of America, Inc.	Tatung Co., Ltd	Parent-subsiary	Purchases	190,479	91.33	120	"	"	(27,985)	(99.11)	
Gintung Energy Co., Ltd.	Tatung Co., Ltd	Company in associates	Sales	(394,908)	(37.24)	60	"	"	75,749	31.52	(Note2)
Tatung Consumer Products (Taiwan) Co., Ltd.	Tatung Co., Ltd	Parent-subsiary	Purchases	2,901,823	73.82	90	"	"	(1,845,440)	(90.96)	
Tatung (Shanghai) Co.,Ltd	Tatung Co., Ltd	Parent-subsiary	Sales	(129,011)	(25.93)	60	"	"	22,204	4.51	
Tatung Forestry and Construction Co.	Tatung Co., Ltd	Parent-subsiary	Sales	(136,992)	(95.31)	-	"	"	50,584	100.00	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Parent-subsiary	Sales	(1,347,175)	(85.49)	-	"	"	560,998	85.82	
	Tatung Co., Ltd	Parent-subsiary	Purchases	537,632	38.56	-	"	"	(175,168)	(46.71)	
Shan-Chih Asset Development Co.	Tatung Co., Ltd	Parent-subsiary	Sales	(223,829)	(5.66)	-	"	"	2	-	
Tatung System Technologies Inc.	Tatung Co., Ltd	Parent-subsiary	Sales	118,017	3.51	30-90	"	30-120	36,724	4.30	
Forward Development Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	Parent-subsiary	Purchases	153,705	100.00	90	"	No significant difference	(13,708)	(100.00)	
Suzhou Forward Electronics Technology Co., Ltd.	Forward Development Co., Ltd.	Parent-subsiary	Sales	(153,705)	(36.75)	120	"	No significant difference	13,708	19.30	

Note 1: The transactions among the consolidated entities were written-off in the consolidated financial statements.

Note 2: The sales transactions between Gintung Energy Co., Ltd. and Tatung Co., Ltd were disclosed as of August 30, 2019, since Gintung Energy Co., Ltd. was no longer a subsidiary of the Group on August 30, 2019.

## ATTACHMENT 7

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	Tatung Consumer Products (Taiwan) Co., Ltd.	Parent-subsidiary	\$1,849,741	1.85	\$-	-	\$-	\$-
	Tatung Information Technology (Jiangsu) Co., Ltd.	Parent-subsidiary	519,352	-	516,959	Debt Collection	-	-
	Tatung Forever Energy Co., Ltd.	Parent-subsidiary	177,184	-	-	-	-	-
	Shan-Chih Asset Development Co.	Parent-subsidiary	269,738	-	-	-	-	-
Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd.	Company in associates	1,295,772	0.03	1,295,772	Tatung Co. of Japan, Inc. has given numerous notice to Chunghwa Picture Tubes, Ltd. for its claim of accounts receivable and accrued expenses as of December 31, 2019. Since April 2019, Tatung Co. of Japan, Inc. has applied to court for ruling of orders of payments, and received approval by the court on January 30, 2020.	-	-
Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Parent-subsidiary	883,828	-	883,828	-	-	-
	Vibrant Display Technology CO., Ltd.	Other related party	157,513	-	157,513	-	-	-
Chunghwa Picture Tubes (Bermuda) Ltd.	CPTF Optronics (Shen-Zhen) Co., Ltd.	Parent-subsidiary	2,219,565	-	2,219,565	-	-	-
	CPTF Optronics Co., Ltd.	Other related party	867,764	-	867,764	-	-	-
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Other related party	286,891	-	286,891	-	-	-
Chunghwa Picture Tubes (Malaysia) Sdn.Bhd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Other related party	5,511,086	-	5,511,086	-	-	-
CPTF Optronics (Shen-Zhen) Co., Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Parent-subsidiary	1,583,114	-	1,583,114	-	-	-
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Parent-subsidiary	560,998	3.84	-	-	-	-

Note 1: All transactions are eliminated in the consolidated financial statements. The ending balance included account receivable-related parties, other receivables-related parties, long-term receivable-related parties and long-term finance lease receivable-related parties.

Note 2: The nature of long-term receivable-Chunghwa Picture Tubes, Ltd. was financing provided. It was disclosed in Attachment 1.

## 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 tubes and TFT-LCD products	\$6,992,774	\$6,992,774	1,850,745,168	28.56	\$(6,421,754)	\$(11,955,010)	\$(3,414,594)	
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	Manufacture and sales of semiconductors and chips	920,981	920,981	49,913,576	43.18	54,501	(193,969)	47,494	(Note7)
	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	215,737	(125,940)	(15,168)	
	Tatung System Technologies Inc.	Taipei City, Taiwan	Software and hardware service and system integration	247,655	247,655	37,819,027	42.70	546,978	102,702	53,782	
	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	53,060	988	247	
	Green Energy Technology Inc.	Taoyuan City, Taiwan	Manufacture of electrical parts and retail sales and wholesale of electrical materials	-	300,000	-	-	-	(5,561,760)	(257,147)	(Note4)(Note5)(Note8)
	Chih Sheng Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,500,000	1,500,000	150,000,000	100.00	206,235	170,995	102,198	
	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	2,119,350	2,119,350	77,627,119	95.83	524,156	(25,524)	(17,236)	
	Chunghwa Electronics Development Co., Ltd.	Taipei City, Taiwan	Investment holding	2,567,447	2,397,447	297,626,267	94.01	(1,095,307)	(1,004,404)	(949,447)	
	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	46,394,470	9,741,949	10,453,660	
	Taiwan Telecommunication Industry Co., Ltd.	Taipei City, Taiwan	Telecommunication devices.	2,462,471	2,462,471	675,000	100.00	(854,584)	559	556	
	Tatung Information (Singapore) Pte. Ltd.	Singapore	Investment holding	1,625,465	1,625,465	86,049,842	100.00	(56,288)	8,552	(2,062)	
	Tatung Electric (Singapore) Pte. Ltd.	Singapore	Investment holding	676,531	676,531	33,098,675	100.00	736,952	(224,680)	(195,988)	
	Tatung Mexico S.A de C.V.	Mexico	Manufacture of electronic products	503,289	503,289	1,005,825	99.99	125,033	(35,041)	(35,041)	
	Tatung Co. of Japan, Inc.	Japan	Sales and purchase of electronic parts, home appliances and IT products	531,373	1,903	15,000	100.00	1,352,962	140,469	140,469	
	Tatung Electronics (S) Pte. Ltd.	Singapore	Purchases, sales and services of raw material	48,276	48,276	3,600,000	90.00	80,596	(2,075)	(1,821)	
	Tatung (Thailand) Co., Ltd.	Thailand	Manufacturing and sales of IT products, home appliances and AI meter	974,283	974,283	105,599,998	99.99	531,398	(13,708)	(14,172)	
	Tatung Consumer Products (Taiwan) Co., Ltd.	Taipei City, Taiwan	Sales of home appliances	1,145,500	1,145,500	49,650,000	99.10	(1,267,254)	(86,327)	(85,575)	
	Toes Opto-Mechanics Co.	Taipei City, Taiwan	The manufacturing of various automatic equipment	170,000	170,000	17,000,000	85.00	24,746	10,628	9,302	
	Tatung SM-Cycle Co.	New Taipei City, Taiwan	Manufacture of speed reducers, speed aviators	244,277	71,220	3,675,000	49.00	248,838	46,163	34,807	(Note6)
	Tatung Die Casting Co.	New Taipei City, Taiwan	Manufacturing and sales of casting mold	7,880	7,880	153,000	51.00	60,316	18,176	9,319	
	Tatung Medical Healthcare Technologies Co., Ltd.	Taipei City, Taiwan	Design and sales of medical instruments	432,172	407,174	36,424,239	95.85	205,107	12,126	11,657	
	Central Research Technology Co.	Taipei City, Taiwan	EMCIRF testing and certification services	120,000	120,000	6,612,155	100.00	40,089	(9,787)	(9,787)	
	TATUNG CZECH s.r.o	Czech Republic	Sales of AI meters and energy saving products in the EU	342,448	342,448	-	100.00	7,066	(1,427)	(1,427)	
	Absolute Alpha Limited	British Virgin Islands	Investment holding	3,190	3,190	50,000	100.00	20,525	25	25	
	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	(524,966)	(1,273,244)	(636,622)	
	Tatung Electric Company of America, Inc.	U.S.A.	Sales and service of motors	121,184	121,184	1,000,000	100.00	153,009	3,859	3,859	
	Tatung Science and Technology, Inc.	U.S.A.	The sale and purchase of IT products	632,934	632,934	6,872,000	100.00	7,877	465	465	
	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	3,609,880	46,274	(12,009)	
	Tatung Okuma Co., Ltd.	Taipei City, Taiwan	Sales and production of working machine	49,000	49,000	8,428,000	49.00	1,394,385	263,887	129,305	
	Kuender Co., Ltd.	Taipei City, Taiwan	Conversion of plastic module	26,500	38,500	9,136,000	50.00	37,525	(1,179)	12,300	
	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	981	151	10	
	Chung-Tai Technology Development Engineering Co.	New Taipei City, Taiwan	Construction of telecom cable	88,000	88,000	2,200,000	22.00	12,125	(5,194)	(1,102)	
	Tatung Forever Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	1,585,583	485,583	158,558,308	99.10	1,508,602	(37,691)	(53,371)	
	Taipei Industry Corporation	Taipei City, Taiwan	Production and sales of mixing concrete	19	19	69	0.00	74	(136,728)	40	
	LEAP HIGH LTD	Samoa	Investment holding	12,498	12,498	263,250	65.00	1,080	(678)	(440)	
	Tungyang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	400,000	150,000	40,000,000	100.00	400,205	839	774	
	Shang Shin Energy Co., Ltd.	Tainan City, Taiwan	Solar energy related business	90,100	100	9,010,000	100.00	89,715	(355)	(355)	
	Chih Kuang Energy Co., Ltd.	Tainan City, Taiwan	Solar energy related business	400,000	150,000	40,000,000	100.00	398,174	(1,693)	(1,758)	
	Ting Xin Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	30,100	-	3,010,000	100.00	30,058	(42)	(42)	
	Zhi Shin Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	40,000	-	4,000,000	100.00	39,875	(125)	(125)	
	Yao Yang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	5,000	-	500,000	100.00	4,937	(63)	(63)	
	Lansong International Co., Ltd.	Cambodia	Forestry	1,271,592	1,271,592	-	98.33	-	-	242	
	Tatung Netherlands B.V.	Netherlands	The sales of digital products	178,579	178,579	11,030	100.00	(145,958)	-	-	

## 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			
Forward Electronics Co., Ltd. ("FD")	Forward Development Co., Ltd.	British Virgin Islands	Investment holding	640,997	658,256	-	100.00	1,313,260	11,880	11,923	(Note3)(Note9)(Note10)(Note2)
	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	-	(261,889)	(18,158)	
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	-	-	-	(5,561,760)	(1,156,000)	(Note5)(Note8)
	GREATER POWER LIMITED	Hong Kong	Investment holding	446,482	446,482	13,760,000	100.00	-	(148,766)	(148,766)	
	Chih De Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,000	1,000	100,000	100.00	1,012	31	31	
GREATER POWER LIMITED	ULTRA ENERGY HOLDINGS LIMITED	Hong Kong	Investment holding	446,482	446,482	13,760,000	19.77	-	(800,222)	(120,043)	
Tatung System Technologies Inc.	Chyun Huei Business Technology Inc.	Taipei City, Taiwan	Information software service	42,740	42,740	8,000,000	100.00	114,165	16,386	16,386	
	Tisnet Technology Inc.	Taipei City, Taiwan	Software design and development	62,590	62,590	5,500,000	100.00	60,722	6,727	6,727	
	ITorch Technology Co., Ltd.	Taitung City, Taiwan	The computer package software, equipment management and information technology consultant	5,000	-	500,000	20.00	4,644	(1,779)	(356)	
Chungghwa Picture Tubes, Ltd.	Chungghwa Picture Tubes (Bermuda) Ltd.	Bermuda	Investment holding	3,779,727	3,779,727	131,900,000	100.00	6,086,842	(195,855)	(195,855)	
Chungghwa Picture Tubes (Bermuda) Ltd.	Goldmax Asia Pacific Ltd.	Hong Kong	Investment holding	18,636	18,636	601,303	4.75	18,636	(13,396)	-	
Tatung Fine Chemicals Co., Ltd.	Shang Chih International Chemical Industry Co., Ltd.	British Virgin Islands	Investment holding	\$84,647	\$84,647	-	100.00	\$63,168	\$(1,307)	\$(1,307)	
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	274,154	8,125	6,710	
	Taipei Industry Corporation	Taipei City, Taiwan	Production and sales of mixing concrete	1,058,450	1,058,450	1,362,055	50.61	1,648,255	(136,728)	(69,199)	
	Shan-Chih Asset International Holding Corp.	Samoa	Investment holding	2,261,982	2,261,982	72,900,000	100.00	833,332	(35,946)	(35,946)	
	Chih Sheng Realty Co., Ltd.	Taipei City, Taiwan	Realty management	592,950	592,950	59,294,950	100.00	260,156	12,013	12,013	
	Hsieh-Chih Industrial Library Publishing Co.	Taipei City, Taiwan	Publishing and sales	9,960	9,960	3,201	91.46	12,714	88	72	
Shan-chih Asset International Holding Co.	San-Chih Asset International(Hong Kong) Holding.,Ltd.	Hong Kong	Investment holding	1,200,480	1,200,480	40,000,000	100.00	566,492	(37,506)	(37,506)	
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	-	-	-	
	Chungghwa Electronics Development Co., Ltd.	Taipei City, Taiwan	Investment holding	181,800	181,800	18,384,477	5.81	(80,132)	(1,004,404)	(58,329)	
	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	6,297	988	48	
	Chih Sheng Investment (BVI) Co., Ltd.	British Virgin Islands	Investment holding	508,337	508,337	16,862,590	100.00	(10,004)	55	55	
	Green Energy Technology Inc.	Taoyuan City, Taiwan	Manufacture of electrical parts and retail sales and wholesale of electrical materials	-	881,501	-	-	-	(5,561,760)	(428,629)	(Note5)(Note8)
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	(297)	109	109	

ATTACHMENT 8-2

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			
Chih Sheng Holding Co, Ltd	Chih Sheng Holding HK Limited Goldmax Asia Pacific Ltd.	Hong Kong Hong Kong	Investment holding	200,111	200,111	6,205,310	100.00	(35,462)	240	240	
			Investment holding	193,500	193,500	6,000,000	46.51	31,477	(171)	(80)	
Chunghwa Electronics Development Co., Ltd.	Shan Chih Investment Co., Ltd. Forward Electronics Co., Ltd. Chunghwa Picture Tubes, Ltd. San Chih Semiconductor Co., Ltd. Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan New Taipei City, Taiwan Taoyuan City, Taiwan Taipei City, Taiwan Taipei City, Taiwan	Manufacturing & Investment holding	92,918	92,918	3,376,213	4.17	16,298	(25,517)	(1,064)	
			The manufacturing and sale of electronics	36,550	36,550	10,114,750	6.43	94,889	(131,626)	(8,378)	
			Manufacture, research and sale of picture tubes and TFT-LCD products	3,977,935	3,991,703	577,821,932	8.92	(1,515,331)	(11,955,010)	(1,066,119)	
			Manufacture and sales of semiconductors and chips	296,479	296,479	16,067,651	13.90	17,279	(196,668)	(27,336)	
			The manufacturing and sale of household coatings, industrial coatings and chemical products	17,338	17,338	1,138,960	1.47	1,889	988	15	
Toes Opto-Mechtronics 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	-	(261,889)	(1,469)	
Shan Chih Investment Co., Ltd.	Shan-Chih International Holding Co.	Samoa	Investment holding	247,118	247,118	7,500,000	100.00	232,469	(26,805)	(26,805)	
Tatung Medical Healthcare Technologies Co., Ltd.	Cloud Care Technologies Co., Ltd. Tatung Medical&Healthcare Technologies Inc. Insured Pharmaceuticals Co., Ltd.	Taipei City, Taiwan Samoa Taipei City, Taiwan	Service of information software	1,600	1,600	160,000	40.00	1,997	489	196	
			Investment holding	-	2,993	100,000	100.00	-	(168)	(168)	
			Pharmaceuticals and warehousing and transportation service	35,000	35,000	3,500,000	100.00	29,950	(114)	(1,080)	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	1,200,000	400,000	120,000,000	100.00	1,215,508	17,042	17,042	
Tatung Mexico S.A de C.V.	TMX Logistics, Inc. TMX Technologies, Inc.	U.S.A U.S.A	Hub Service	83,160	83,160	2,694,403	100.00	(30,442)	(39,729)	(39,729)	
			Technologies & Business	70,191	70,191	2,250	100.00	4,661	2,118	2,118	
Absolute Alpha Limited	Tatung Information Technologies Corp.	U.S.A	The sale of electronic products	1,595	1,595	50,000	100.00	19,491	48	48	
Tatung Information (Singapore) Pte. Ltd.	Myanmar Tatung Co., Ltd. Tatung Myanmar JV Holding Co., Ltd.	Myanmar British Virgin Islands	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	13,133	13,133	425,099	100.00	1,974	(923)	(923)	
			Investment holding	4,841	4,841	150,000	100.00	1,983	(1087)	(1087)	
Tatung Myanmar JV Holding Co., Ltd.	LIN HTET LIN Co., Ltd.	Myanmar	Solar energy related business	4,841	4,841	73,500	49.00	2,158	(1,864)	(912)	
Tatung (Thailand) Co., Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	-	-	1	-	-	(923)	-	
Leap High Limited	Tatung Middle East Purification of Potable Water L.L.C.	Dubai	Sales of water generators in Middle East	-	11,716	-	-	-	(1,231)	(602)	(Note11)

Note 1: The transactions among the consolidated entities were written off in the consolidated financial statements.

Note 2: The equity attributable to shareholders of Gintung Energy Co., Ltd. was negative, thus, the Company recognized shares of loss of associates accounted for using equity method of TWD18,158 thousand, hence, the ending balance of investments accounted for under the equity method was zero.

Note 3: Including equipment priced as investment of TWD75,115 thousand (USD2.282 thousand).

Note 4: The Company recognized shares of loss of Green Energy Technology Co., Ltd accounted for using equity method as of end of August, because its stockholders approved the liquidation proposal therefore the Company lost control.

Note 5: The share of loss of associates accounted for using equity method excluded loss on disposal of investments.

Note 6: Since the Company sold 36.33% of its shares in the third quarter and completed share transfer in the fourth quarter, the Company's ownership in Tatung SM-Cycle Co. reduced from 85.33% to 49%. However the Company still exercises significant control over the entity therefore the investment was accounted for using the equity method.

Note 7: Since Green Energy Technology Co., Ltd's shareholders' meeting approved the liquidation proposal, San Chih Semiconductor Co., Ltd. recognized gain on disposal of investments because its equity attributable to shareholders turned positive due to losing control. The ending balance of investments accounted for under the equity method of the company also turned positive.

Note 8: After Green Energy Technology Co., Ltd's shareholders' meeting approved the liquidation proposal, the company's shares were reclassified as financial assets at fair value through other comprehensive income, non-current due to loss of control.

Note 9: Forward Development Co., Ltd. repatriated funds of NTD17,259 thousand (USD557 thousand) as of December 31, 2019.

Note 10: The difference of NTD43 thousand between net income (loss) of investee company and investment income (loss) recognized from Forward Development Co., Ltd. was the result of downstream transactions.

Note 11: Tatung Middle East Purification of Potable Water L.L.C. completed the liquidation procedures which caused Leap High Ltd.'s shareholding ratio to decrease from 49% to zero. Therefore the investment income (loss) recognized from Tatung Middle East Purification of Potable Water L.L.C. was recognized as of October 17, 2019.

## 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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2 and 4)	Carrying Value as of December 31, 2019 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2019
						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	\$704,530 USD 23,500	(2) (Note6)	\$614,590 USD 20,500	\$-	\$-	\$614,590 USD 20,500	(\$224,680)	87.23%	(\$195,988) (2) B.	\$736,952	\$-
Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Produce and sales of appliances and electronic production	925,183 USD 30,860 (Note16)	(2) (Note6)	761,492 USD 25,400	-	-	761,492 USD 25,400	(12,264)	78.40%	(9,614) (2) B.	(317,291)	-
	Tatung Compressors (ZHONGSHAN) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	341,472 USD 11,390	(2) (Note6)	272,818 USD 9,100	-	-	272,818 USD 9,100	11,933	79.89%	9,533 (2) B.	298,669	-
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	137,908 USD 4,600	(2) (Note5)	122,788	-	-	122,788	8,949	100.00%	8,949 (2) B.	149,870	25,163 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	815,456 USD 27,200	(2) (Note5)	145,175	-	-	145,175	4,494	100.00%	4,494 (2) B.	1,163,448	260,316 USD 8,421
	Ufeco (Wujiang) Technology Inc	The manufacturing and sale of light-emitting diode	70,766 RMB 16,438	(3)	-	-	-	-	9,981	40.00%	3,992 (2) B.	26,479	-
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	(37,934) (RMB8,481)	94.00%	(35,084) (2) B.	8,624	-
Tatung Fine Chemicals Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sales of industry coating and electro-deposition coating.	122,437 USD 4,067 (Note10)	(1)	33,156 USD 1,060	-	-	33,156 USD 1,060	(9,318)	82.35%	(7,655) (2) B.	103,245	87,354 USD 2,784
	Huaian Tatung Advanced Technology Materials Co., Ltd.	The manufacturing and sales of positive material of lithium battery, printer ink, electro-deposition high performance coating.	USD 162,429 USD 5,000 (Note11)	(1)	147,987 USD 4,550	-	-	147,987 USD 4,550	(404)	100.00%	(404) (2) B.	61,886	-
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) (Note9)	32,236 USD 1,000	-	-	32,236 USD 1,000	2,819	100%	2,819 (2) B.	46,420	23,153 USD 767
	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sales of industry coating and electro-deposition coating.	122,437 4,067 (Note10)	(2) (Note9)	-	-	-	52,411 USD 1,600 (Note12)	(9,318)	17.65%	(1,663) (2) B.	22,128	-
	Wujiang Shanghua Material Technology Co., Ltd	Manufacture and sales of ABS plastic	- (Note12)	(2) (Note9)	52,411 USD 1,600	-	-	- (Note12)	-	-	- (2) B.	-	8,726 USD 270
Chunghwa Picture Tubes, Ltd.	CPTF Optonics (Shen-Zhen) Co., Ltd.	Market research service	8,610.00 RMB 2,000	(3) (Note13)	-	-	-	-	(20,061)	100%	(20,061) (2) B.	(7,257)	-
Shan-Chih Asset International Holding	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	239,840 USD 8,000	(2) (Note6)	256,608 USD 8,000	-	-	239,840 USD 8,000	1,594	100%	1,594 (2) B.	214,524	-

## 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	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, 2019 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2019
						Outflow	Inflow						
Chih Sheng Holding HK Limited	Wu-jiang Tatung Electronics Trading Co. Ltd	Sales of appliances and electronic production	\$- (Note16)	(2) (Note6)	163,691 USD 5,460	-	-	\$- (Note16)	(\$453) RMB(100)	0.00%	(\$453) (2) B.	\$-	\$-
	Tatung Information Technology (Jiangsu) Co., Ltd.	Produce and sales of appliances and electronic production	925,183 RMB 30,860 (Note16)	(2) (Note6)	-	-	-	163,691 USD 5,460 (Note16)	1,290	21.60%	\$279 (2) B.	(38,102) (Note17)	-
Shan-Chih International Holding Co.	Tatung (Shanghai) Co.,Ltd	The manufacturing and sales of AC motor, DC motors, AC generators, diesel engine generators, variable-speed motors, inverters and PLCs, transformers, switchboards	RMB 704,530 USD 23,500	(2) (Note6)	89,940 USD 3,000	-	-	89,940 USD 3,000	(224,680)	12.77%	(28,683) (2) B.	87,911	-
	Tatung Compressors (ZHONGSHAN) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	341,472 USD 11,390	(2) (Note6)	68,654 USD 2,290	-	-	68,654 USD 2,290	11,933	20.11%	2,399 (2) B.	86,212	-
Tatung (Shanghai) Co.,Ltd	Tatung Cranes (Shanghai) Co., Ltd	The manufacturing and sales of cranes	40,243 RMB 9,348	(2) (Note6)	-	-	-	-	(11,875) RMB(2,655)	45.00%	(5,345) (2) B.	22,197 RMB 5,156	-
	Tatung Xinji (Guangdong) Technology Co., Ltd.	Electrical engineering system installation service	8,610 RMB 2,000	(2) (Note6)	-	-	-	-	(1,601) RMB(358)	100%	(1,601) (2) B.	8,868 RMB 2,060	-
Tatung Medical&Healthcare Technologies Inc.	Elite Oxygen And Healthcare Co., Ltd	Sales of Oxygen generator	- (Note15)	(2) (Note6)	2,998 USD 100	-	2,219 USD 74 (Note15)	- (Note15)	(168)	-	(168) (2) B.	-	-
Accumulated Investment in Mainland China December 31,2019 (Note14)		Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 8)										
\$2,841,674		\$5,920,385	\$17,193,544										

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) Reinvested by the surplus from a mainland company established through a third region.
- (4) 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 certified 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, 2019: 29.98000

RMB exchange rate on December 31, 2019: 4.30500

Note 4: The transactions among the consolidated entities were eliminated in the consolidated financial statements.

Note 5: Reinvested through Forward Development Co., Ltd. by remitting the investment funding and equipment investment.

Note 6: Refer to the investment company name column for third region investment companies.

Note 7: Refer to Attachment 8 for investment percentages in all investees of the Company.

Note 8: Calculated by the net worth of the consolidated financial statement of the Company.

Note 9: Tatung Fine Chemicals Co., Ltd. invested in subsidiaries in China through its subsidiary Shang Chih International Chemical Industry Co., Ltd.

Note 10: Including stock dividend of USD1,267 thousand, equipments investment of USD140 thousand and increase in paid in capital of USD1,600 thousand due to the merger of Wujiang Shanghua Material Technology Co., Ltd and Tatung Coatings (Kunshan) Co., Ltd.

Note 11: Total amount of paid-in capital included cash capital increase of USD450 thousand to Huaian Tatung Advanced Technology Materials Co., Ltd.

Note 12: Since Tatung Coatings (Kunshan) Co., Ltd. acquired Wujiang Shanghua Material Technology Co., Ltd. the total amount of paid-in capital of Tatung Coatings (Kunshan) Co., Ltd. included Wujiang Shanghua Material Technology Co., Ltd.'s paid-in-capital.

Note 13: Chungghwa Picture Tubes, Ltd. Invested in subsidiaries in China through its subsidiary: Chungghwa Picture Tubes (Bermuda) Ltd.

Note 14: The accumulated Investment in Mainland China included investment fund as a result of Forward Development Co., Ltd. selling CPTF Visual Display(Fuzhou) Ltd. The cash consideration was NTD12,999 not remitted.

Note 15: Elite Oxygen And Healthcare Co., Ltd finished liquidation process on August 2019 and capital repatriation on October 2019. In addition, after the liquidation process was finished, it will apply to the Investment Commission, MOEA to cancel the investment amount authorization.

The remaining capital of USD26 thousand can not be remitted back, thus it was recognized as investment loss.

Note 16: Tatung Information Technology (Jiangsu) Co., Ltd. acquired Wu-jiang Tatung Electronics Trading Co. Ltd. thus the investment included Wu-jiang Tatung Electronics Trading Co. Ltd.'s paid-in-capital.

Note 17: Tatung Information Technology (Jiangsu) Co., Ltd. acquired Wu-jiang Tatung Electronics Trading Co. Ltd. thus the carrying value as of December 31, 2019 included Wu-jiang Tatung Electronics Trading Co. Ltd.'s value.

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	\$2,877,503	Note 7	8.12%
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Accounts receivable	1,562,795	-	1.31%
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Other receivable	286,917	-	0.24%
0	Tatung Co., Ltd	Tatung Co. of Japan, Inc.	1	Sales	345,019	Note 7	0.97%
0	Tatung Co., Ltd	Tatung Co. of Japan, Inc.	1	Purchases	584,722	Note 7	1.65%
0	Tatung Co., Ltd	Tatung Electric Company of America, Inc.	1	Sales	190,839	Note 7	0.54%
0	Tatung Co., Ltd	Tatung Information Technology (Jiangsu) Co., Ltd.	1	Other receivable	518,235	-	0.44%
0	Tatung Co., Ltd	Tatung Forever Energy Co., Ltd.	1	Other receivable	168,095	-	0.14%
0	Tatung Co., Ltd	Shan-Chih Asset Development Co.	1	Other receivable	269,724	-	0.23%
0	Tatung Co., Ltd	Tatung (Shanghai) Co.,Ltd	1	Purchases	129,994	Note 7	0.37%
0	Tatung Co., Ltd	Tatung Forestry and Construction Co.	1	Purchases	136,992	Note 7	0.39%
1	Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd. and its subsidiaries	3	Accounts receivable	1,295,772	-	1.09%
2	Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	3	Sales	1,347,175	Note 7	3.80%
2	Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	3	Accounts receivable	560,998	-	0.47%
2	Tatung Forever Energy Co., Ltd.	Tatung Co., Ltd	2	Purchases	537,632	Note 7	1.52%
3	Shan-Chih Asset Development Co.	Tatung Co., Ltd	2	Sales	223,829	Note 7	0.63%
4	Suzhou Forward Electronics Technology Co., Ltd.	Forward Development Co., Ltd	3	Sales	153,705	Note 7	0.43%
5	Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	3	Accounts receivable	867,764	-	0.73%
6	Chunghwa Picture Tubes (Bermuda) Ltd.	CPTF Optronics (Shen-Zhen) Co., Ltd.	3	Other receivable	2,219,565	-	1.87%
7	CPTF Optronics (Shen-Zhen) Co., Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	3	Other receivable	1,583,114	-	1.33%

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.