TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
December 31, 2017 AND 2016

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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, 2017 and for the year then ended prepared under the International Financial Reporting Interpretation 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 15, 2018

Independent Auditors' Report

English Translation of a Report Originally Issued in Chinese

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

Opinion

We have audited the accompanying consolidated balance sheets of the Company and its subsidiaries ("the Group") as of December 31, 2017 and 2016, the related consolidated statements of comprehensive income, and the related consolidated statements of changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements including a summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matters section), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2017 and 2016, and their consolidated financial performance and cash flows for the years ended December 31, 2017 and 2016, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2017 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$ 75,553,009 thousand in 2017. The Company and its subsidiaries operated in various industries and their various products were sold to local as well as foreign markets. The sales terms varied, the sales amount was relatively large and the transactions were highly complicated. 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 and vouching them to transaction records, examining contracts, sales orders or supporting documents; reviewing significant terms and condition of contracts; performing cut-off testing by selecting a set of samples of transactions from either side of year-end and vouching them to supporting evidences to ensure the reasonableness of revenue cut-off; performing analytical procedures on gross margin and sales from major customers; reviewing significant subsequent sales returns and discounts to verify the occurrence of sales transactions and reasonableness of the timing of revenue recognition.

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

2. 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 holding percentage of each consolidated entity; analyzing the composition of the board of directors and management, the changes of board members over the years, holding percentage 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 to the consolidated financial statements for the consolidation status of the Group as of December 31, 2017.

3. Non-financial Assets Impairment

   As of December 31, 2017, the net value of property, plant and equipment accounted for 42% 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, 2017. In addition, the assessment process of impairment of aforementioned non-financial assets highly relies on highly subjective judgment and involves uncertainty in estimation. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, inspecting the impairment possibility and the cash-generating unit of the property, plant and equipment of the Group; obtaining the data and assumption regarding the evaluation of recoverable amount from the Company. In addition to considering the historical and external financial information to evaluate the appropriateness of the related assumption, we adopted the evaluation report provided by the internal expert for assessing the appropriateness of the impairment testing data or the fair value report of the cash-generating unit, the method of evaluation and the key evaluation parameters, such as discount rate.

Please refer to Notes 4, 5 and 6 to the consolidated financial statements for the disclosure of property, plant and equipment.

Other Matters-Referring to Other Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflected total assets of NT$2,399,875 thousand and NT$2,484,005 thousand, constituting 1% and 1% of consolidated total assets as of December 31, 2017 and 2016, respectively, and total operating revenues of NT$2,703,719 thousand and NT$2,700,829 thousand, constituting 4% and 3% of consolidated operating revenues for the years ended December 31 2017 and 2016, 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. These associates and joint ventures under equity method amounted to NT$3,789,505 thousand and NT$3,846,228 thousand, accounting for 2% and 2% of consolidated total assets as of December 31, 2017 and 2016, respectively. The related shares of profits (losses) from the associates and joint ventures under the equity method amounted to NT$58,065 thousand and NT$(258,571) thousand, accounting for 2% and 12% of the consolidated net income (loss) before tax for the years ended December 31 2017 and 2016, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(114,788) thousand and NT$(133,419) thousand, accounting for 9% and 3% of the consolidated other comprehensive income, net, for the years ended December 31, 2017 and 2016, 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 on the parent company only financial statements of the Company as of and for the years ended December 31, 2017 and 2016.

Ernst & Young, Taiwan

March 15, 2018

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 Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2017 and December 31, 2016
(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2017		December 31, 2016	
Contents	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4,6	$31,980,276	14	$42,687,252	18
Financial assets at fair value through profit or loss, current	4,6,8	646,743	-	17,262,633	7
Available-for-sale financial assets, current	4,6	381,437	-	390,711	-
Financial assets in held-to-maturity, current	4,6	-	-	20,000	-
Financial assets carried at cost, current	4,6	29,238	-	29,238	-
Debt instrument investments for which no active market exists, current	4,6,8	25,407,275	11	24,057,035	10
Notes receivable, net	4,6	542,911	-	547,939	-
Accounts receivable, net	4,5,6,8	7,452,456	3	8,268,682	4
Accounts receivable - related parties, net	4,6,7	74,538	-	22,655	-
Construction receivable	4,6	180,903	-	173,874	-
Other receivables	4	1,694,887	1	3,496,854	2
Other receivables - related parties	4,7	1,610	-	2,070	-
Current tax assets		19,129	-	40,806	-
Inventories	4,5,6,8	16,000,338	7	16,933,720	7
Prepayments	8	3,892,812	2	1,972,180	1
Non-current assets held for sale (net)	4,6,8	74,614	-	13,224,395	6
Other current assets		854,857	1	1,035,237	-
Total current assets		89,234,024	39	130,165,281	55
Non-current assets					
Available-for-sale financial assets, non-current	4,6,8	1,283,254	1	1,025,321	-
Financial assets carried at cost, non-current	4,6	518,124	-	408,283	-
Debt instrument investments for which no active market exists, non-current	4,6,8	4,164,924	2	2,928,817	1
Investments accounted for under the equity method	4,6,8	5,136,165	2	5,668,214	2
Property, plant and equipment	4,5,6,7,8	96,086,434	42	71,518,020	30
Investment property, net	4,5,6	14,127,842	6	14,106,097	6
Intangible assets	4,6	907,082	1	1,091,100	1
Deferred tax assets	4,5,6	2,993,125	1	2,620,497	1
Other non-current assets	6,8	13,997,594	6	8,611,524	4
Long-term receivable	4,6,7	132,790	-	256,199	-
Total non-current assets		139,347,334	61	108,234,072	45
Total assets		$228,581,358	100	$238,399,353	100

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2017 and December 31, 2016
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		December 31, 2017		December 31, 2016	
Contents	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	6,8	$41,552,640	18	$54,412,093	23
Short-term notes and bills payable	6	3,487,053	2	2,057,903	1
Financial liabilities at fair value through profit or loss, current	4,6	1,358	-	841	-
Notes payable	7	2,151,786	1	462,161	-
Accounts payable		12,264,730	5	13,107,690	5
Accounts payable - related parties	7	37,897	-	12,243	-
Other payables	7	12,579,366	6	10,783,750	5
Current tax liabilities		192,696	-	288,162	-
Provision, current	4,5,6	131,570	-	116,817	-
Liabilities related to non-current assets classified as held for sale	4	-	-	4,339,032	2
Advanced receipts		3,201,459	1	2,720,349	1
Current portion of long-term loans	6,8	11,533,039	5	13,087,564	5
Other current liabilities - others		1,726,620	1	1,692,892	1
Total current liabilities		88,860,214	39	103,081,497	43
Non-current liabilities					
Long-term loans	6,8	45,826,939	20	38,223,531	16
Provision, non-current	4,5,6	321,504	-	306,406	-
Deferred tax liabilities	4,5,6	5,938,762	3	6,533,997	3
Long-term payables		88,693	-	140,646	-
Long-term deferred revenues	4,6	154,518	-	240,620	-
Net defined benefit liability	4,5,6	2,449,004	1	3,635,590	2
Deposits in		134,268	-	148,028	-
Deferred credit for investments accounted for under the equity method	4,6	19,970	-	19,970	-
Other non-current liabilities, others		15,627	-	185,743	-
Total non-current libilities		54,949,285	24	49,434,531	21
Total liabilities		143,809,499	63	152,516,028	64
Equity attributable to shareholders of the parent					
Capital stock					
Common stock	6	23,395,367	10	23,395,367	10
Capital reserve	6	3,273,505	1	2,864,841	1
Retained earnings	6				
Legal reserve		36,354	-	36,354	-
Special reserve		4,753,026	2	6,946,785	3
Accumulated deficits		(281,015)	-	(2,175,074)	(1)
Total retained earnings		4,508,365	2	4,808,065	2
Other equities					
Exchange differences on translation of foreign operation	4	(1,098,677)	-	(709,739)	-
Unrealized gain or loss on available-for-sale financial assets	4	596,612	-	365,333	-
Equity related to non-current assets classified as held for sale	4,6	-	-	(26,698)	-
Total other equities		(502,065)	-	(371,104)	-
Treasury stock	4,6	(1,629,899)	-	(1,056,865)	(1)
Equity attributable to shareholders of the parent		29,045,273	13	29,640,304	12
Non-controlling interests	4,6	55,726,586	24	56,243,021	24
Total equity		84,771,859	37	85,883,325	36
Total liabilities and equity		$228,581,358	100	$238,399,353	100

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2017		2016	
Contents	Notes	Amount	%	Amount	%
Operating revenues	4,6,7	$76,681,558	102	$78,886,924	102
Less: Sales returns	5,6	(576,762)	(1)	(813,288)	(1)
Less: Sales allowances	5,6	(551,787)	(1)	(396,011)	(1)
Net operating revenues		75,553,009	100	77,677,625	100
Operating costs	5,6,7	(63,735,312)	(84)	(67,091,059)	(86)
Net gross profit		11,817,697	16	10,586,566	14
Operating expenses	6				
Sales and marketing		(3,983,652)	(5)	(4,142,185)	(6)
General and administrative		(4,956,973)	(7)	(5,444,722)	(7)
Research and development		(3,954,440)	(5)	(3,871,308)	(5)
Total operating expense		(12,895,065)	(17)	(13,458,215)	(18)
Net other income	6	2,164,430	3	-	-
Operating income (loss)		1,087,062	2	(2,871,649)	(4)
Non-operating income and expense					
Other income	4,6,7	2,098,284	3	2,986,620	4
Other gains and (losses)	6	3,021,348	4	2,160,468	3
Finance costs	4,6	(3,626,052)	(5)	(4,293,969)	(6)
Share of profit (loss) of associates and joint ventures	6	129,388	-	(187,957)	-
Total Non-operating income and expense		1,622,968	2	665,162	1
Income (loss) before income tax		2,710,030	4	(2,206,487)	(3)
Income tax expense	4,5,6	(660,274)	(1)	(1,299,767)	(2)
Income (loss) from continuing operations		2,049,756	3	(3,506,254)	(5)
Income (loss) from discontinued operations	4,6	69,498	-	(33,648)	-
Net Income (loss)		2,119,254	3	(3,539,902)	(5)
Other comprehensive (loss) income	4,6				
Not to be reclassified to profit or loss in subsequent periods:					
Gains (losses) on remeasurements of defined benefit plans		39,151	-	338,426	-
Equity related to non-current assets classified as held for sale		-	-	(4,110)	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method, not to be reclassified to profit or loss		(1,042)	-	466	-
Income tax related to components of other comprehensive income not to be reclassified to profit or loss		687	-	(10,341)	-
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation		(1,526,042)	(2)	(3,559,383)	(5)
Unrealized gain (loss) from available-for-sale financial assets		340,121	-	(912,523)	(1)
Equity related to non-current assets classified as held for sale		56,078	-	(215,067)	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method, to be reclassified to profit or loss		(123,742)	-	(125,581)	-
Income tax related to components of other comprehensive income to be reclassified to profit or loss		(27,334)	-	386,501	1
Total of other comprehensive (loss) income, net of income tax		(1,242,123)	(2)	(4,101,612)	(5)
Total comprehensive (loss) income		$877,131	1	$(7,641,514)	(10)
Net income (loss) attributable to:					
Shareholders of the parent		$74,070		$(2,343,945)	
Non-controlling interests		2,045,184		(1,195,957)	
		$2,119,254		$(3,539,902)	
Total comprehensive (loss) income attributable to:					
Shareholders of the parent		$(49,388)		$(2,765,124)	
Non-controlling interests		926,519		(4,876,390)	
		$877,131		$(7,641,514)	
Earnings (loss) per share	6				
Basic earnings (loss) per share (NT$)					
Basic earnings (loss) per share from continuing operations		$0.02		$(1.03)	
Basic earnings (loss) per share from discontinued operations		0.01		-	
Basic earnings (loss) per share		$0.03		$(1.03)	
Diluted earnings (loss) per share (NT$)		$0.03		$(1.03)	

English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	Attributed to Equity Holders of the Parent											
			Retained Earnings			Other Components of Equity						
Contents	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated deficits)	Exchange Differences on Translation of Foreign Operation	Unrealized Gain or Loss on Valuation of Available-for-sale Financial Assets	Equity Related to Non-current Assets Classified as Held for Sale	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance as of January 1, 2016	$23,395,367	$785,376	$36,354	$10,047,053	$(3,100,268)	$8,114	$235,469	$(1,439)	$(806,870)	$30,599,156	$18,312,703	$48,911,859
Special reserve used to offset accumulated deficits	-	-	-	(3,100,268)	3,100,268	-	-	-	-	-	-	-
Net loss in 2016	-	-	-	-	(2,343,945)	-	-	-	-	(2,343,945)	(1,195,957)	(3,539,902)
Other comprehensive (loss) income in 2016	-	-	-	-	192,069	(717,853)	129,864	(25,259)	-	(421,179)	(3,680,433)	(4,101,612)
Total comprehensive (loss) income	-	-	-	-	(2,151,876)	(717,853)	129,864	(25,259)	-	(2,765,124)	(4,876,390)	(7,641,514)
Acquisition of treasury stocks held by subsidiaries	-	-	-	-	-	-	-	-	(249,995)	(249,995)	249,995	-
Acquisition or disposal of subsidiaries' shares	-	(258,816)	-	-	(21,565)	-	-	-	-	(280,381)	(1,925,872)	(2,206,253)
Change in subsidiaries' ownersihp	-	2,338,281	-	-	(1,633)	-	-	-	-	2,336,648	44,662,948	46,999,596
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(180,363)	(180,363)
Balance as of December 31, 2016	$23,395,367	$2,864,841	$36,354	$6,946,785	$(2,175,074)	$(709,739)	$365,333	$(26,698)	$(1,056,865)	$29,640,304	$56,243,021	$85,883,325
Balance as of January 1, 2017	$23,395,367	$2,864,841	$36,354	$6,946,785	$(2,175,074)	$(709,739)	$365,333	$(26,698)	$(1,056,865)	$29,640,304	$56,243,021	$85,883,325
Special reserve used to offset accumulated deficits	-	-	-	(2,175,074)	2,175,074	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(18,685)	18,685	-	-	-	-	-	-	-
Net income in 2017	-	-	-	-	74,070	-	-	-	-	74,070	2,045,184	2,119,254
Other comprehensive (loss) income in 2017	-	-	-	-	7,503	(388,938)	231,279	26,698	-	(123,458)	(1,118,665)	(1,242,123)
Total comprehensive (loss) income	-	-	-	-	81,573	(388,938)	231,279	26,698	-	(49,388)	926,519	877,131
Disposal of treasury stocks held by subsidiaries	-	-	-	-	-	-	-	-	21,183	21,183	(21,183)	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(3,737,382)	(3,737,382)
Acquisition or disposal of subsidiaries' shares	-	488,558	-	-	(381,273)	-	-	-	(594,217)	(486,932)	3,725,376	3,238,444
Change in subsidiaries' ownership	-	(79,894)	-	-	-	-	-	-	-	(79,894)	62,368	(17,526)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,472,133)	(1,472,133)
Balance as of December 31, 2017	$23,395,367	$3,273,505	$36,354	$4,753,026	$(281,015)	$(1,098,677)	$596,612	$-	$(1,629,899)	$29,045,273	$55,726,586	$84,771,859

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

Contents	For the Year Ended December 31, 2017 Amount	For the Year Ended December 31, 2016 Amount
Cash flows from operating activities:		
Net income (loss) from continuing operations before income tax	$2,710,030	$(2,206,487)
Net income from discontinued operations before income tax	109,364	13,252
Net income (loss) before income tax	$2,819,394	$(2,193,235)
Adjustments to reconcile consolidated net income (loss) to net cash provided by operating activities:		
Depreciation expense	8,135,657	9,614,995
Amortization expense	299,773	420,498
Allowance for long-term receivables	134,747	11,827
Income from financial asset or financial liability at fair value through profit or loss	(26,616)	(151,313)
Interest expenses	3,631,700	4,293,969
Interest income	(1,049,791)	(977,370)
Dividends income	(83,931)	(52,487)
Share of (profit) loss of associates and joint ventures	(129,388)	187,957
Gain on disposal of property, plant and equipment	(1,805,264)	(420,690)
(Gain) Loss on disposal of non-current assets classified as held for sale	(2,323,058)	4,082
Loss (gain) on disposal of investments	19,963	(2,482,191)
Impairment loss on financial assets	14,708	68,398
Impairment loss on non-financial assets	1,080,657	742,690
Changes in assets and liabilities from operating activities:		
Notes receivable	5,028	96,986
Accounts receivable	650,810	1,236,438
Accounts receivable - related parties	440,551	57,648
Construction receivable	(7,029)	103,684
Other receivables (include related parties)	150,653	(968,630)
Inventories	953,778	1,494,264
Prepayments	(3,422,750)	561,856
Other current assets	180,979	458,843
Financial assets at fair value through profit or loss	219,816	(450,961)
Other non-current assets	62,485	469,271
Notes payable	1,689,625	(227,524)
Accounts payable	(815,565)	(2,365,304)
Accounts payable - related parties	(637,415)	(5,610)
Other payables	3,153,011	(20,711)
Provision	29,851	(192,751)
Advanced receipts	481,110	422,739
Financial liabilities at fair value through profit or loss	(581)	(140)
Other current liabilities - others	13,962	150,054
Net defined benefit liability	(1,168,387)	(1,506,482)
Long-term deferred revenues	(90,475)	(31,282)
Other non-current liabilities	(170,116)	68,894
Cash generated from operations	12,437,892	8,418,412
Interest received	1,219,071	1,191,617
Dividends received	83,931	53,272
Interest paid	(3,480,610)	(4,053,644)
Income taxes paid	(1,107,613)	(1,409,246)
Net cash provided by operating activities	9,152,671	4,200,411

Contents	For the Year Ended December 31, 2017 Amount	For the Year Ended December 31, 2016 Amount
Cash flows from investing activities：		
Acquisition of financial assets at fair value through profit or loss	-	(16,271,430)
Disposal of financial assets at fair value through profit or loss	15,875,554	580,499
Acquisition of available-for-sale financial assets	-	(52,161)
Disposal of available-for-sale financial assets	72,497	3,785,523
Acquisition of investment in debt instrument without active market	(38,289,801)	(20,565,188)
Disposal of investment in debt instrument without active market	35,168,154	14,065,137
Proceeds from repayments of held-to-maturity financial assets	20,000	-
Acquisition of financial assets carried at cost	(135,230)	(147,531)
Disposal of financial assets carried at cost	20,180	540
Acquisition of investments accounted for using equity methed	(4,817)	(4,841)
Disposal of subsidiaries	(251,317)	-
Cash returns from capital reduction of investments accounted for under the equity method	481,181	781
Disposal of non-current assets held for sale	3,498,572	248,203
Acquisition of property, plant and equipment	(34,045,151)	(12,527,615)
Disposal of property, plant and equipment	2,266,737	1,242,547
Acquisition of intangible assets	(278,714)	(308,661)
Acquisition of investment property	(2,094)	(102,300)
Increase in long-term receivables	(12,418)	(23,293)
Increase in other non-current asset	(3,256,559)	(4,458,353)
Income taxes paid on land value increment	(623,130)	-
Net cash used in investing activities	(19,496,356)	(34,538,143)
Cash flows from financing astivities ：		
Increase in short-term loans	55,331,048	131,277,307
Decrease in short-term loans	(65,516,769)	(122,334,120)
Increase in short-term notes and bills payable	3,446,372	2,132,818
Decrease in short-term notes and bills payable	(1,993,504)	(1,560,635)
Repayment of bonds	-	(600,000)
Proceeds from long-term loans	24,782,158	38,315,732
Repayment of long-term loans	(19,276,324)	(43,775,290)
(Decrease) Increase in deposits-in	(13,874)	17,834
(Decrease) Increase in long-term payable	(51,953)	113,418
Purchase of treasury stocks	-	(249,995)
Disposal of treasury stocks	38,414	-
Acquisition of shares of subsidiaries' equity	(2,285,522)	-
Disposal of shares of subsidiaries' equity(without losing control)	3,238,444	32,232
Change in non-controlling interests	(780,295)	46,887,835
Net cash (used in) generated from financing astivities	(3,081,805)	50,257,136
Effects of exchange rate changes on cash and cash equivalents	(1,115,634)	(529,462)
Net (Decrease) increase in cash and cash equivalents	(14,541,124)	19,389,942
(Non-current) assets (or disposal groups) classified as held for sale, net	-	(3,834,148)
Cash and cash equivalents at the beginning of periods(include cash and cash equivalents from discontinued operations for $3,834,148 thousand)	46,521,400	27,131,458
Cash and cash equivalents at the end of periods	$31,980,276	$42,687,252

TATUNG CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED December 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars unless otherwise specified)

1. Organization Operations

Established in 1918, Tatung Company (the "Company") was incorporated under the Company Act of the Republic of China ("R.O.C.") and underwent reorganization in 1939. The total capital at that time was Taiwan Yuan $180,000, later increased to Taiwan Yuan $20,000,000 after several capital injections. After the reformation of monetary system in 1949, the total capital was converted to the equivalent of New Taiwan dollars ("NTD") 200,000. As of December 31, 2017, 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:

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

(2) Magazine publishing

(3) Customs brokerage

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

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

The investment plans should be approved by the Board of Directors; however, the 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, 2017 and 2016 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 15, 2018.

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 endorsed by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2017. The nature and the impact of each new standard and amendment has no material effect on the Group.

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

(a) *IFRS 15 "Revenue from Contracts with Customers"*

The core principle of the new Standard is for companies to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The new Standard includes a cohesive set of disclosure requirements that would result in viding users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Standard is effective for annual periods beginning on or after 1 January 2018.

(b) *IFRS 9"Financial Instruments"*

The IASB has issued the final version of IFRS 9, which combines classification and measurement, the expected credit loss impairment model and hedge accounting. The standard will replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9 Financial Instruments (which include standards issued on classification and measurement of financial assets and liabilities and hedge accounting).

Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore there is requirement that 'own credit risk' adjustments are not recognized in profit or loss.

Impairment: Expected credit loss model is used to evaluate impairment. Entities are required to recognize either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

Hedge accounting: Hedge accounting is more closely aligned with risk management activities and hedge effectiveness is measured based on the hedge ratio.

The new standard is effective for annual periods beginning on or after 1 January 2018.

(c) *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.

(d) *IAS 12"Income Taxes" — Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify how to account for deferred tax assets for unrealized losses. The amendments are effective for annual periods beginning on or after 1 January 2017.

(e) *Disclosure Initiative — Amendment to IAS 7 "Statement of Cash Flows":*

The amendments relate to changes in liabilities arising from financing activities and to require a reconciliation of the carrying amount of liabilities at the beginning and end of the period. The amendments are effective for annual periods beginning on or after 1 January 2017.

(f) *IFRS 15 "Revenue from Contracts with Customers" — Clarifications to IFRS 15*

The amendments clarify how to identify a performance obligation in a contract, determine whether an entity is a principal or an agent, and determine whether the revenue from granting a license should be recognized at a point in time or over time. The amendments are effective for annual periods beginning on or after 1 January 2018.

(g) *IFRS 2 "Shared-Based Payment" - Amendments to IFRS 2*

The amendments contain (1) clarifying that vesting conditions (service and non-market performance conditions), upon which satisfaction of a cash-settled share-based payment transaction is conditional, are not taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, these are taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction, (2) clarifying if tax laws or regulations require the employer to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment, such transactions will be classified in their entirety as equity-settled share-based payment transactions if they would have been so classified in the absence of the net share settlement feature, and (3) clarifying that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date and is recognised in equity, on the modification date, to the extent to which goods or services have been received. The liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date. Any difference between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2018.

(h) *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts — Amendments to IFRS 4*

The amendments help to resolve issues arising from the different effective dates for IFRS 9 "Financial Instruments" (1 January 2018) and the new insurance contracts standard about to be issued by the IASB (still to be decided, but not before 1 January 2020). The amendments allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 "Financial Instruments" before the IASB's new insurance contracts standard becomes effective. The amendments introduce two approaches: an overlay approach and a temporary exemption. The overlay approach allows an entity applying IFRS 9 to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before the new insurance contracts standard is applied. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 until 2021 (these entities that defer the application of IFRS 9 will continue to apply IAS 39).

(i) *Transfers of Investment Property — Amendments to IAS 40*

The amendments relate to the transfers of investment property. The amendments clarify that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use, the entity should transfer property into and out of investment property accordingly. A change in management's intentions for the use of a property is not evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018.

(j) *Improvements to International Financial Reporting Standards (2014-2016 cycle)*:

IFRS 1 "First-time Adoption of International Financial Reporting Standards"

The amendments revise and amend transition requirements relating to certain standards and delete short-term exemptions under Appendix E for first-time adopter. The amendments are effective for annual periods beginning on or after 1 January 2018.

IFRS 12 "Disclosure of Interests in Other Entities"

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after 1 January 2017.

IAS 28"Investments in Associates and Joint Ventures"

The amendments clarify that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and other qualifying entities including investment-linked insurance funds, the entity may elect to measure that investment at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments" on an investment-by-investment basis. Besides, if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after 1 January 2018.

(k) IFRIC 22 "*Foreign Currency Transactions and Advance Consideration*"

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018.

The abovementioned standards and interpretations issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2018. Apart from the potential impact of the standards and interpretations listed under (a), (b), (e), and (f) which is described below, all other standards and interpretations have no material impact on the Group:

(a) IFRS 15"Revenue from Contracts with Customers" (including Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers")

The Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (1 January 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

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

A. Revenue from sale of goods and rendring of services are currently recognized when goods and services have been delivered to the buyer. Starting from the date of initial application, in accordance with the requirements of IFRS 15, the Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised good or services to a customer. IFRS 15 has no material impact on the Group's revenue recognition from sale of goods and rendering of services. However, for some contracts, part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently. The Group recognized the consideration received in advance from customers as payment received in advance under other current liabilities. Starting from the date of initial application, in accordance with IFRS 15, it should be recognized as contract liabilities. The Group will reclassify prepayments to contract liabilities amounting to NTD3,056,768 thousand on initial application date.

B. Revenue from construction contracts is currently recognized by reference to the stage of completion. Starting from the date of initial application, in accordance with IFRS 15, the Group shall recognize revenue when (or as) the Group satisfies a performance obligation by transferring a promised service to a customer and also by reference to the stage of completion. IFRS 15 has no impact on the Group's revenue recognition from construction contracts. Starting from the date of initial application, for some contracts, the obligations are fulfilled while the Group still doesn't have the right to receive the consideration unconditionally. the Group should recognize them under contract assets, instead of construction contracts receivable. As for contracts that the obligations aren't fulfilled but the Group receives consideration first, the Group should recognize them under contract liabilities, instead of advanced receipts. The Group will reclassify construction receivables to contract assets and advance construction receipts to contract liabilities amounting to NTD180,903 and NTD144,691 thousand, respectively.

C. In accordance with the requirements of IFRS 15, more extensive disclosure would have to be made.

(b) IFRS 9 "Financial Instruments"

The Group elects not to restate prior periods in accordance with the requirements of IFRS 9 at the date of initial application (1 January 2018). The adoption of IFRS 9 has the following impacts on the Group:

A. Classification and measurement of financial assets

a. Available-for-sale financial assets – equity instrument investments

The assessment of the cash flow characteristics will be based on the facts and circumstances that exited as at the date of initial application. As these equity instrument investments are not held-for-trading, the Group elected to designate them as financial assets measured at fair value through other comprehensive income. On the date of initial application, the Group will reclassify available-for-sale (including carried at cost) financial assets to financial assets measured at fair value through other comprehensive income and to financial assets measured at fair value through profit or loss of NTD1,874,164 thousand, and NTD337,889 thousand, respectively. Other related adjustments are described as follow:

1. The stocks of unlisted companies currently measured at cost in accordance with IAS 39 had an original cost of NTD566,590 thousand and was partially impaired for NTD19,228 thousand. However, in accordance with the requirement of IFRS 9, stocks of unlisted companies must be measured at fair value but are not required to be assessed for impairment. The estimated fair value of the stocks of unlisted companies was NTD620,399 thousand as at the date of initial application. The Group will adjust the carrying amount of financial assets measured at fair value through other comprehensive income and will also increase retained earnings, other equity, non-controlling interest, and decrease deferred tax asset by NTD19,228 thousand, NTD40,846 thousand, NTD12,219 thousand and NTD744 thousand, respectively.

2. The stocks of listed companies are currently measured at fair value. As at the date of initial application, except for the reclassification to financial assets measured at fair value through other comprehensive income and other equity accounts, no other difference will incur.

b. Available-for-sale financial assets –domestic listed and unlisted stocks

The subsidiaries of the Company held domestic listed and unlisted stocks. Assessed based on the fact and situation of the characteristic of the financial assets' cash flow as at the date of initial application, the stocks were not fully used to repay the principal and the interest associated with the oustanding principal. Therefore, the stocks should be classified as mandatory financial assets at fair value through profit or loss. As at the date of initial application, the stocks should be reclassified to financial assets at fair value through profit or loss from available-for-sale financial assets. In addition, the change of fair value accumulated under other equity should be reclassified to retained earnings. Therefore, the Company reclassified change of fair value amounting to NTD57,009 thousand recognized in porportion to the holding percentage before to retained earnings.

c. Available-for-sale financial assets – de-recognition of equity investments measured at fair value

Upon de-recognition of equity investments currently classified as available-for-sale measured at fair value, the accumulated gains or losses previously recognized in other comprehensive income was recycled to profit or loss from equity. However, under IFRS 9, subsequent fair value changes of the aforementioned equity investments are recognized in other comprehensive income and cannot be recycled to profit or loss. Upon de-recognition, the accumulated amounts in other component of equity is reclassified to retained earnings (reclassification to profit or loss is not allowed). The above de-recognition accounting treatment has no material impact on the Group as at the date of initial application.

d. Impairment of financial assets

This is applicable to financial assets not measured at fair value through profit or loss. In accordance with IFRS 9, a loss allowance for debt instruments is measured using the expected credit loss model, whereas trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 are measured using the simplified approach (provision matrix). The aforementioned requirements on impairment is different from the current incurred loss model and have no material impact on the Group.

B. Others

Consequential amendments on the related disclosures in IFRS 7 were also made as a result of the application of IFRS 9, which include the disclosure requirements related to the initial application of IFRS 9. Therefore more extensive disclosure would have to be made.

(c) Disclosure Initiative — Amendment to IAS 7 “Statement of Cash Flows”

Additional disclosure of a reconciliation of the carrying amount of liabilities arising from financing activities at the beginning and end of the period would be required.

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

(a) *IFRS 16"Leases"*

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions). Lessor accounting still uses the dual classification approach: operating lease and finance lease. The Standard is effective for annual periods beginning on or after 1 January 2019.

(b) IFRIC 23 "*Uncertainty Over Income Tax Treatments*"

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The Interpretation is effective for annual periods beginning on or after 1 January 2019.

(c) 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, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts. IFRS 17 is effective for annual periods beginning on or after 1 January 2021.

(d) *IAS 28"Investment in Associates and Joint Ventures" — Amendments to IAS 28*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28. The amendment is effective for annual reporting periods beginning on or after 1 January 2019.

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

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income. The amendment is effective for annual reporting periods beginning on or after 1 January 2019.

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

IFRS 3 "Business Combinations"

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business. The amendments are effective for annual periods beginning on or after 1 January 2019.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. The amendments are effective for annual periods beginning on or after 1 January 2019.

IAS 12 "Income Taxes"

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The amendments are effective for annual periods beginning on or after 1 January 2019.

IAS 23 "Borrowing Costs"

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale. The amendments are effective for annual periods beginning on or after 1 January 2019.

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

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset. The amendments are effective for annual periods beginning on or after 1 January 2019.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (a)~(b), (d), and (f)~(g), it is not practicable to estimate their impact on the Group at this point in time. All other 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, 2017 and 2016 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.

(2) Basis of preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statement

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

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

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

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

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

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

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

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

If the Company loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

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

a. The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	December 31, 2017	December 31, 2016
The Company, Chunghwa Electronics Investment Co., Ltd., Green Energy Technology Inc., Chih Sheng Realty Co., Ltd. and Tatung Global Strategy Investment and Trading (BVI) Inc.	Chunghwa Picture Tubes, Ltd. ("CPT")	Manufacture, research and sale of picture tubs and TFT-LCD products	41.25%	41.25%
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	54.40%	54.40%
The Company, CPT, SCSC and Chunghwa Electronics Investment Co., Ltd	Forward Electronics Co., Ltd. ("FD")	Manufacture and sale of electronics	40.75%	40.75%
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	58.20%	58.20%
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	39.04%	36.22%
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	85.33%	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, photo-catalyst, 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	100.00%	99.86%
The Company	Tatung DIE Casting Co.	Manufacturing and sales of casting mold	51.00%	51.00%
The Company and Tatung Wire & Cable (Thailand) Co., Ltd.	Tatung (Thailand) Co., Ltd.	Manufacturing and sales of IT products, home appliances and AI meter	100.00%	100.00%
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 Wire & Cable (Thailand) Co., Ltd.	Manufacture and sales of wire and cable	100.00%	100.00%
The Company	Tatung Information (Singapore) Pte. Ltd.	Professional investment holding	100.00%	100.00%

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

Investor	Subsidiary	Main businesses	December 31, 2017	December 31, 2016
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	100.00%	100.00%
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.	95.33%	95.08%
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	Tatung Global Strategy Investment and trading (BVI) Inc.	Professional investment holding	-	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	98.55%	98.12%
The Company	Leap High Limited	Professional investment holding	65.00%	65.00%
The Company	Tungyang Energy Co., Ltd.	Solar energy related business	100.00%	-
The Company and CPTB	Chunghwa Picture Tubes (Labuan) Ltd. ("CPTL")	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPT	Giantplus Technology Co., Ltd. ("Giantplus")	Research, development, production and sales of LCD.	-	53.67%
CPT	Chunghwa Picture Tubes (Bermuda) Ltd. ("CPTB")	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPTB and CPTL	Chunghwa Picture Tubes Technology (Group) Co., Ltd. ("CPTTG")	Research, design, manufacturing, sales and service of flat-panel display device, monitor display model and components	26.37%	30.42%
CPTB	Dalemont Investment Ltd.	Professional investment holding	-	100.00%
CPTB	Daliant Investment Ltd.	Professional investment holding	-	100.00%
CPTB	Bangalor Investment Ltd.	Professional investment holding	-	100.00%
CPTB	Bensaline Investment Ltd.	Professional investment holding	-	100.00%
CPTB	New Kingston Enterprises Limited ("NKEL")	Professional investment holding	100.00%	100.00%
CPTTG(L) and CPTTG	Chunghwa Picture Tubes (Wujiang) Ltd. ("CPTW")	Assembly final module of TFT-LCD	100.00%	100.00%

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

Investor	Subsidiary	Main businesses	December 31, 2017	December 31, 2016
CPTTG	Chunghwa Pictures Display Technology (Fujian) Ltd.("FDT")	Assembly final module of TFT-LCD	-	100.00%
CPTW, FDT and CPTTG	CPTF Optronics Co., Ltd.	Assembly final module of TFT-LCD	100.00%	100.00%
CPTB	Chunghwa Picture Tubes (Malaysia) Sdn. Bhd. ("CPTM")	Manufacture and sale of CRT	100.00%	100.00%
CPTF Optronics Co., Ltd., NKEL, and Forward Development Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd.("FVD")	Manufacture components of TFT-LCD	100.00%	100.00%
CPTF Optronics Co., Ltd.	Hwallar Optronics (Fuzhou) Co. Ltd.	Manufacture components of TFT-LCD	51.00%	51.00%
CPTTG	Chunghwa PictureTubes Technology (Labuan) Ltd	Investment holding and sales of TFT-LCD	100.00%	100.00%
CPTTG	Fuzhou YingYuan Equity Investment Management Co., Ltd.	Professional investment holding	100.00%	100.00%
CPTTG	Vibrant Display Technology CO., Ltd.	R&D, design and manufacture components of TFT-LCD	100.00%	100.00%
CPTB and CPTTG	CPT TPV Optical (Fujian) Co., Ltd.	Manufacture components of TFT-LCD	80.00%	80.00%
CPTB	CPTF Optronics (Shen-Zhen) Co., Ltd.	Investigation of market information	100.00%	100.00%
CPTTG, CPTF Optronics Co., Ltd., and Goldmax Asia Pacific Ltd	Kornerstone Materials Technology Co. Ltd.	R&D, design and manufacture and sale of panel components	100.00%	100.00%
Kornerstone Materials Technology Co. Ltd.	DDD3Empire	Manufacture, research and sales of optical glass	55.00%	55.00%
CPTF Optronics Co., Ltd	CPTF Optronics (HK) Co., Ltd.	Sales of TFT-LCD	100.00%	100.00%
Vibrant Display Technology CO., Ltd.	Huajiayuan Co., Ltd.	Development, investment, sale, leasing of real estate; estate management and lodging	100.00%	-
Giantplus Technology Co., Ltd.	Giantplus (Samoa) Holding Co., Ltd.	Investment	-	100.00%
Giantplus Technology Co., Ltd.	Hsh Heng Investment Co., Ltd.	Investment	-	100.00%
Giantplus (Samoa) Holding Co., Ltd.	Giantplus Holding L.L.C	Investment	-	100.00%
Giantplus Holding L.L.C	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Manufacture components of LCD display	-	100.00%
Giantplus Holding L.L.C	Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Manufacture components of LCD display	-	100.00%
Giantplus Holding L.L.C	Kunshan Giantplus Optronics Display Technology Co., Ltd	Sales of touch panel	-	100.00%
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	Investment holding	100.00%	100.00%
Forward Electronics Co., Ltd., Green Energy Technology Inc. and Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Manufacture and sale of solar module and related component	45.82%	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%

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

Investor	Subsidiary	Main businesses	December 31, 2017	December 31, 2016
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	100.00%	100.00%
GET	Green Energy Global Investment	Investment holding	100.00%	100.00%
Greater Power Limited and Energy Well International Limited	Ultra Energy Holdings Limited	Investment holding	100.00%	100.00%
Energy Well International Limited	Golden Sunny Limited	Investment holding	100.00%	100.00%
Ultra Energy Holdings Limited	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar silicon wafer slicing.	100.00%	100.00%
TFC	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sale of industry coating and electro-deposition coating.	100.00%	100.00%
TFC	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%
TFC	Shang Chih International Chemical Industry Co., Ltd.	Investment holding	100.00%	100.00%
TFC	Wujiang Shang Huah Plastic Co., Ltd.	Manufacture and sale of ABS plastic.	100.00%	100.00%
Shang Chih International Chemical Industry Co., Ltd.	Wujiang Shanghua Material Technology Co., Ltd	ABS plastic, color dyes	100.00%	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%
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.	Tatung Wire And Cable Technology (Wujiang) Co., Ltd.	Manufacture and sales of wire and cable	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%
Shan-Chih International Holding Corporation	Shan-Chih Wire&Cable Technology (Wujiang) Co. , Ltd.	Manufacture and sales of wire and cable	-	100.00%

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

Investor	Subsidiary	Main businesses	December 31, 2017	December 31, 2016
TSTI	Chyun Huei Business Technology Inc.	Information software Service	100.00%	100.00%
TSTI	Tatung System Technologies Holding Ltd.	Investment holding	100.00%	100.00%
TSTI	Tisnet Technology Inc.	Software design and development	100.00%	100.00%
Tatung System Technologies Holding Ltd.	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%	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%
Shan-Chih Asset Development Co.	Taipei Industry Corporation	Production and sales of mixing concrete.	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%
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%
Shan-Chih Asset International (Hong Kong) Holding Limited	Suqian Zhiwei Real Estate Co., Ltd.	Realty management	-	100.00%
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Battery Material Retail	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%	-
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%	-
Tatung (Shanghai) Co., Ltd	Tatung Xinji (Guangdong) Technology Co., Ltd.	Electrical engineering system installation service	100.00%	-

Green Energy Technology Inc. issued 19,724 thousand shares in December 2017 through private placement and the Company subscribed all the shares. Also, Chih Sheng Investment Co., Ltd, a subsidiary of the Company, sold part of its shares of Green Energy Technology Inc. during the third quarter. Hence, the Group's holding percentage of Green Energy Technology Inc. increased from 36.22% to 39.04%.

Tatung (Shanghai) Co., Ltd, a subsidiary of the Company, invested to establish Datong Xinji (Guangdong) Technology Co., Ltd. in December 2017. Its main activity is electrical engineering system installation service.

Tatung Global Strategy Investment and Trading (BVI) Inc. had completed the liquidation procedure in December 2017, and thus the Group's holding percentage decreased from 100% to 0%

The Company held a capital injection for Tatung Forever Energy Co., Ltd. in December 2017, and thus the Group's holding percentage increased from 98.12% to 98.55%.

San-Chih Asset International (Hong Kong) Holding Limited, a subsidiary of the Company, sold all shares of Suqian Zhiwei Real Estate Co., Ltd to Jiangsu speeding Properties Limited in the amount of RMB131,640 thousand. Therefore, the Group's holding percentage decreased from 100% to 0%. Upon the disposal, Suqian Zhiwei Real Estate Co., Ltd will no longer be consolidated.

The Company established Tungyang Energy Co., Ltd. in November 2017 to expand the solar energy business of the Group.

Vibrant Display Technology CO., Ltd, a subsidiary of the Company, established Huajiayuan Co., Ltd. in November 2017 with its own funding in the amount of RMB181,000 thousand.

Chih-Sheng Investment Co., Ltd, a subsidiary of the Company, bought shares of Chunghwa Electronics Investment Co., Ltd during the third quarter in 2017. Hence, the Group's holding percentage increased from 99.86% to 100%.

Tatung Medical Healthcare Technologies Co., Ltd, a subsidiary of the Company, established Insured Pharmaceuticals Co., Ltd in the third quarter of 2017 in order to operate the pharmaceuticals warehousing and transportation services.

Tatung Medical Healthcare Technologies Co., Ltd. held a capital injection in August 2017. The Group subscribed to the shares and thus the Group's holding percentage increased to 95.33%.

Shan-Chih Wire & Cable Technology (Wujiang) Co., Ltd, a subsidiary of the Company, had completed the liquidation procedure in August 2017, and thus the Group's direct and indirect holding percentage decreased from 100% to 0%.

Chunghwa Picture Tubes Technology (Group) Co., Ltd, a subsidiary of Chunghwa Picture Tubes, Ltd, merged its fully-owned subsidiary, Chunghwa Pictures Display Technology (Fujian) Ltd in July 2017 to integrate the company's resource, improve operating efficiency, and lower administration costs. Hence, Chunghwa Picture Tubes, Ltd's direct and indirect holding percentage of Chunghwa Pictures Display Technology (Fujian) Ltd decreased from 100% to 0%.

Dalemont Investment Ltd, Daliant Investment Ltd, Bangalor Investment Ltd and Bensaline Investment Ltd. had completed the liquidation procedures in June 2017, and thus Chunghwa Picture Tubes, Ltd's direct and indirect holding percentage decreased from 100% to 0%.

Chunghwa Picture Tubes, Ltd sold all of its shares of Giantplus Technology Co., Ltd. to a Japanese company, Ortus Technology Co., Ltd. The 236,981,757 shares were sold in the amount of NTD3,926,787 thousand (each share sold at NTD16.57). Therefore, the Group's direct and indirect holding percentage of Giantplus Technology Co., Ltd decreased from 53.67% to 0%. Upon the disposal, Giantplus Technology Co., Ltd and its subsidiaries will no longer be consolidated.

CPTB and CPTL sold 69,999,922 shares, a 4.05% of the total shares of CPTTG in February and March, 2017. After deducting the related transaction fees, the net proceeds were RMB719,438 thousand. Upon the disposal, the Group's direct and indirect holding percentage of CPTTG decreased from 30.42% to 26.37%.

The Group established Tatung Medical & Healthcare Technologies Inc. in March 2017 with USD50 thousand and reinvested in Foshan City Yile oxygen medical and trade Co., Ltd. The Group's holding percentages of these companies are 100%.

The Company increased its shareholding in CPT by 17.03% as a result of the legal action against Compal Electronics, Inc. Refer to Note 9(5) for further details.

b. Although the percentages of ownership interests in some companies, such as CPT, CPTTG, FD, GET, Gintung Energy Co., Ltd., are 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 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 relevant activities.

c. Subsidiaries that are not included in the consolidated financial statement are as follows:

			Percentage of ownership	
Investor	Subsidiary	Business nature	December 31, 2017	December 31, 2016
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.

Please refer to Note 8 for stocks of subsidiaries of the Gorup that were pledged as collaterals.

(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 IAS 39 Financial Instruments: Recognition and Measurement are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(5) 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.

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 comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within twelve 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 IAS 39 Financial Instruments: Recognition and Measurement are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets

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

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

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

j it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
k 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;
l it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

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

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

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

Available-for-sale financial assets

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

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

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

Held-to-maturity financial assets

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets that quoted without active market and with fixed or determinable amounts. Moreover, the following conditions must be met: the initial recognition not designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

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

Impairment of financial assets

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

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

Other loss events include:

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

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

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

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

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

Derecognition of financial assets

A financial asset is derecognized when:

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

Once the financial asset are derecognized 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.

(b) Financial liabilities and equity

Classification between liabilities and equity

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

Equity instruments

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

Compound instruments

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

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

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

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

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

Financial liabilities

Financial liabilities within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

- **j** it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- **k** 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;
- **l** it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities offset and the net amount will be 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 financial instrument

The Group uses derivative financial 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 (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in 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.

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

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

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

(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.

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.

(12) Construction contract

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

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

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

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

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

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the 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.

(14) 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 affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

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

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

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

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate or join 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.

(15) 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.

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

Buildings	3～50 year
Machinery and equipment	1～35 year
Transportation equipment	2～10 year
Office equipment	2～10 year
Leased assets	3～50 year
Leasehold improvements	The shorter of lease terms or economic useful lives
Other equipment	2～10 year

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

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

(16) Investment property

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

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

Buildings	30～50 years

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

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

(17) Leases

<u>Group as a lessee</u>

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.

(18) 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.

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.

Technology cooperation costs

Technical cooperation costs have been granted the use of right 3 to 10 years depending on different project.

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

(19) Impairment of non-financial assets

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

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

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

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

(20) 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.

Sales returns and allowances

A provision has been recognized for sales returns and allowances based on past experience and other known factors.

(21) 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.

(22) Revenue recognition

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

Sale of goods

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

(a) the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

Rendering of Services

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

Interest income

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

Dividends

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

Rent Income

Rental income from operating lease is accounted by straight-line basis on the period of lease.

(23) 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.

(24) 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.

(25) 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.

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.

(26) 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.

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.

(27) 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 10% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

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

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities 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.

(28) 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 IAS 39 Financial Instruments: Recognition and Measurement either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group’s consolidated financial statements require management to make judgments, estimates and assumptions that affect the 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.

(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.

(c) Pension benefits

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

(d) Provisions

Legal 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.

(e) 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. Please refer to Note 6.

(f) 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 counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

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

Deferred tax assets are recognized for all carryforward of unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details on unrecognized deferred tax assets as of December 31, 2017.

(g) Accounts receivables–estimation of impairment loss

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

(h) Inventories

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

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2017	2016
Cash on hand & petty cash	$174,639	$188,405
Cash in banks	23,999,355	33,812,830
Time deposits	7,802,540	8,668,128
Cash in transit	3,742	17,889
Total	$31,980,276	$42,687,252

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

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

	As of December 31, 2017	2016
Held for trading:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	$-	$13,006
Non-derivative financial assets		
Capital-guaranteed financial products	633,076	17,230,231
Open-end funds	13,003	18,859
Stocks	664	537
Subtotal	646,743	17,249,627
Total	$646,743	$17,262,633
Current	$646,743	$17,262,633
Non-current	-	-
Total	$646,743	$17,262,633

CPTTG and Vibrant Display Technology CO., Ltd., subsidiaries of the Group, purchased QianYuan--ZhouZhouLi" Open-ended and principal guaranteed wealth management product amounting to RMB2,200,000 thousand, QIANYUAN principal-guaranteed investment product amounting to RMB800,000 thousand and QianYuan--ZhouZhouLi" Open-ended and principal guaranteed wealth management product amounting to RMB500,000 thousand from China Construction Bank for short-term investment during the forth quarter in 2016. In 2017, the aforementioned wealth management products were sold in the amount of RMB2,214,688 thousand, RMB804,932 thousand, and RMB502,294 thousand, respectively

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

(3) Available-for-sale financial assets

	As of December 31, 2017	2016
Stocks	$1,664,691	$1,416,032
Current	$381,437	$390,711
Non-current	1,283,254	1,025,321
Total	$1,664,691	$1,416,032

Please refer to Note 8 and Attachment 3 of Note 13 for more details on available-for-sale financial assets under pledge and for the breakdown.

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

(4) Held-to-maturity financial assets

	As of December 31,	
	2017	2016
Bonds	$-	$20,000
Current	$-	$20,000
Non-current	-	-
Total	$-	$20,000

Bonds were matured in January 2017.

Held-to-maturity financial assets were not pledged.

(5) Financial assets measured at cost

	As of December 31,	
	2017	2016
Available-for-sale financial assets		
Stocks	$547,362	$437,521
Current	$29,238	$29,238
Non-current	518,124	408,283
Total	$547,362	$437,521

Financial assets measured at cost were not pledged. Please refer to Attachment 3 of Note 13 for the breakdown.

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

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

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

	As of December 31,	
	2017	2016
Cash in banks-reserve accounts	$5,273,546	$3,873,131
Time deposits (Note)	24,298,653	23,112,721
Total	$29,572,199	$26,985,852
Current	$25,407,275	$24,057,035
Non-current	4,164,924	2,928,817
Total	$29,572,199	$26,985,852

Please refer to Note 8 for more details on debt instrument investments for which no active market exists that were pledged as collateral.

Note: Chunghwa Electronics Investment Co., Ltd. transferred its shares of CPT to Credit Suisse in January 2010 and acquired proceeds of NTD1,047,800 thousand, which was recognized in other current liabilities – other. The Group then pledged the above amount to Credit Suisse, which was recognized in bonds investments for which no active market exists – current. The Group guaranteed to buy-back the above shares in a certain period. The above transactions had remained unchanged as of December 31, 2017 and 2016.

(7) Notes receivables

	As of December 31,	
	2017	2016
Notes receivables arising from operating activities	$542,968	$547,991
Less: allowance for doubtful debts	(57)	(52)
Subtotal	$542,911	$547,939

Notes receivables were not pledged.

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

(8) Accounts receivable and Accounts receivable-related parties

	As of December 31,	
	2017	2016
Accounts receivable	$8,130,331	$8,835,249
Less: allowance for doubtful debts	(1,104,820)	(1,075,804)
Allowance for sales returns and discounts	(18,951)	(16,394)
Net	7,006,560	7,743,051
Installment accounts receivable	450,982	528,107
Less: allowance for doubtful debts	-	-
Unrealized interest revenue - trade receivables from installment sales	(5,086)	(2,476)
Net	445,896	525,631
Subtotal	7,452,456	8,268,682
Accounts receivable-related parties	75,452	23,568
Less: allowance for doubtful debts	(914)	(913)
Net	74,538	22,655
Total	$7,526,994	$8,291,337

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

	As of December 31,	
	2017	2016
Not later than one year	$238,696	$283,417
Later than one year and not later than two years	96,333	181,161
Later than two years	115,953	63,529
Total	$450,982	$528,107

Due to the contracts of accounts receivable factoring with recourse, account receivables amounting to NTD0 thousand and NTD5,661 thousand were pledged as collateral as of December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, the Group had signed non-recourse accounts receivable purchase agreement with the bank and had offered USD0 thousand and USD1,000 thousand as secured promissory notes (Note).

(Note: Guarantee for future business disputes)

Please refer to Note 8 for pledged trade receivables.

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

The Group's credit terms are generally 30-180 day. The movements in the provision for impairment of accounts receivable and accounts receivable-related parties are as follows: (Please refer to Note 12 for disclosure of credit risks)

	Individually impaired	Collectively impaired	Total
As of January 1, 2017	$772,340	$304,377	$1,076,717
Charge (reversal) for the current period	(19,047)	128,229	109,182
Write off	(10,823)	(65,197)	(76,020)
Effect of exchange rate changes	(1,958)	(2,187)	(4,145)
As of December 31, 2017	$740,512	$365,222	$1,105,734

	Individually impaired	Collectively impaired	Total
As of January 1, 2016	$706,954	$153,436	$860,390
Charge (reversal) for the current period	79,060	160,245	239,305
Write off	(7,840)	(1,272)	(9,112)
Effect of exchange rate changes	(4,754)	(8,032)	(12,786)
Reclassify to non-current assets held for sale	(1,080)	-	(1,080)
As of December 31, 2016	$772,340	$304,377	$1,076,717

Impairment loss, that was individually determined for the years ended December 31, 2017 and 2016, arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the trade receivable and the present value of its expected recoverable amount. The Group did not hold any collateral for such trade receivables.

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

As of	Neither past due nor impaired	Past due but not impaired 1 to 6 months	6 months to 1 year	More than 1 year	Total
December 31, 2017	$7,049,562	$442,586	$21,717	$13,129	$7,526,994
December 31, 2016	6,916,933	1,252,370	87,729	34,305	8,291,337

(9) Construction receivables

	As of December 31, 2017	2016
Accumulated cost incurred	$4,979,867	$4,203,781
Accumulated recognized project profit (loss)	175,885	226,754
Accumulated billed amounts based on construction progress	(4,896,728)	(4,149,636)
Reclassification (Note 1)	(78,121)	(107,025)
Construction receivables	$180,903	$173,874

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

As of December 31, 2017

Items (Note 2)	Contract proceeds	Contract costs incurred	Accumulated recognized total project profit(loss)	Percentage of completion (Note 3)	Amounts billed based on Construction progress	Construction contracts receivable
Percentage of completion method						
Category A	$140,272	$124,633	$10,519	0%~100%	$117,413	$17,739
Category B	5,544,122	4,588,026	151,790	9%~100%	4,501,739	238,077
Category C	1,026,698	267,208	13,576	5%~73%	277,576	3,208
Reclassification (Note 1)	-	-	-		-	(78,121)
Total	$6,711,092	$4,979,867	$175,885		$4,896,728	$180,903

As of December 31, 2016

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	$141,298	$115,796	$14,353	0%~100%	$83,115	$47,034
Category B	5,364,911	4,055,538	210,706	1%~100%	4,032,379	233,865
Category C	986,738	32,447	1,695	0%~15%	34,142	-
Reclassification (Note 1)	-	-	-		-	(107,025)
Total	$6,492,947	$4,203,781	$226,754		$4,149,636	$173,874

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

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

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

As of December 31, 2017 and 2016, the above construction projects had not generated construction retainage of construction contracts.

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

(10) Inventory

(a) The details of inventories are as follows:

	As of December 31, 2017	As of December 31, 2016
Raw materials	$2,166,861	$1,981,846
Work in progress	4,663,162	4,093,120
Finished good	5,197,569	6,300,774
Inventories in transit	87,462	217,404
Buildings and land held for sale	473,682	491,302
Property under construction	2,876,224	3,371,569
Property used for construction	535,378	477,705
Total	$16,000,338	$16,933,720

(b) Property under construction:

Name of developing projects	As of December 31, 2017	As of December 31, 2016
Project D	$2,876,224	$1,978,654
Project F1	-	1,392,915
Total	$2,876,224	$3,371,569

December 31, 2017

Projects	Total value of contract	Total estimated costs	Completed percentage	Scheduled year of completion	Advanced receipts
Project D	$7,990,540	$4,721,816	45.01%	107	$1,707,198

According to domestic regulations, the installments of advance receipts from buyers should be deposited in the trust accounts and be used following construction progress. As of December 31, 2017, the above advance receipts were deposited in the trust accounts and recognized as other current assets – other financial assets.

The Group had sold all the shares of the subsidiary that held Project F1. Therefore, the related properties under construction were derecognized as of December 31, 2017.

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

(c) The costs of inventories recognized in expenses are as follows:

	For the years ended December 31,	
	2017	2016
Cost of inventories recognized in expenses	$61,214,032	$63,517,071
Loss on allowance for inventory valuation (gain from price recovery of inventory)	308,164	(909,219)

The gain from price recovery of inventory was resulted from continuously selling the inferior inventories and fair value of partial inventories was recovered, therefore the cause of the net realizable value of inventory to be lower than the cost has not existed.

(d) Please refer to Note 8 for pledged inventories.

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

	As of December 31,	
	2017	2016
Property, Plant and Equipment	$46,179	$1,490,765
Assets of Discontinued Operations	-	11,733,630
Shares	28,435	-
	$74,614	$13,224,395

(a) Details of Property, Plant and Equipment are as follows:

	As of December 31,	
	2017	2016
Land	$-	$1,186,922
Buildings, net	-	188,581
Other equipment, net	-	36,740
Machinery and equipment	46,179	78,522
Total	$46,179	$1,490,765

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

Major property, plant and equipment mentioned above were lands, buildings and equipment of CPT, a subsidiary of the Group. The lands, buildings and equipment were located in Bade Taoyuan. CPT decided to dispose of the aforementioned property, plants and equipment to its subsidiary Giantplus in accordance with the resolution of the board of directors on November 25, 2016. The related assets had been classified as non-current assets held for sale and were reported separately in the consolidated balance sheet. Because the selling price is expected to be higher than the carrying value of the related net assets, those assets were recognized as non-current assets held for sale under carrying value. The lands, buildings and equipment were sold in the amount of NTD3,831,059 thousand. The transfer was completed during the second quarter in 2017.

(b) On November 24, 2016, the board of directors of CPT, a subsidiary of the Group, has resolved to sell all of its shares held in Giantplus to Ortus Technology Co., Ltd, a Japanese corporation. Giantplus and its subsidiary were reclassified as disposal group held for sale in 2016, and were reported separately in the consolidated balance sheets in the amount of NTD11,733,630 thousand. The transfer was completed during the first quarter in 2017. In addition, since the disposal group held for sale met the criteria of discontinued operations, the profit or loss from discontinued operations was reported separately as one line item in the statements of consolidated comprehensive income. Also, information of profit and loss of discontinued operations in 2016 was restated, and the analysis of the amounts and the cash flow information was disclosed.

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

	December 31, 2016
Cash and cash equivalents	$3,834,148
Debt instrument investments for which no active market exists, current	40,740
Accounts receivable, net	1,840,543
Other receivables	140,379
Inventory	680,804
Prepayments	140,687
Property, plant and equipment	4,834,315
Intangible assets	162,864
Deferred tax asset	25,476
Other non-current assets	182,315
Non-current assets held for sale	11,882,271
Accumulated impairment-non-current held for sale assets	(148,641)
Non-current assets classified as held for sale	$11,733,630

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

	December 31, 2016
Accounts payable	$1,587,936
Other payables	1,294,906
Other payables-related party	2,035
Current income tax liabilities	84,538
Advance receipts	144,900
Current portion of long-term loans	516,151
Other current liabilities-other	6,367
Long-term loans	650,884
Defined benefit obligation-non-current	44,030
Deposit-in	7,285
Liabilities related to non-current assets classified as held for sale	$4,339,032

Equity related to non-current assets classified as held for sale	
Attributable to parent company	$(26,698)
Attributable to NCI	(88,728)
Total	$(115,426)

Profit or loss and cash flow related to said discontinued operations:

	For the years ended December 31,	
	2017	2016
Profit or loss of discontinued operations		
Sales revenue	$2,997,437	$11,683,609
Cost of sales	(2,403,370)	(9,951,502)
Gross margin	594,067	1,732,107
Operating expenses	(264,570)	(1,147,798)
Operating income	329,497	584,309
Non-operating income and expense	(179,009)	94,854
Income before income tax	150,488	679,163
Income tax expense	(39,866)	(46,900)
Subtotal	110,622	632,263
Intercompany eliminations	(41,124)	(665,911)
Profit or loss from discontinuing operations	$69,498	$(33,648)
Cash flow from discontinued operations		
Net cash provided by operating activities	$89,543	$2,014,229
Net cash used in investing activities	(938,668)	(967,028)
Net cash (used in) generated from financing activities	1,221,119	(1,260,866)
Effects of exchange rate changes on cash and cash equivalents	(41,472)	(89,049)
Net increase (decrease) of cash and cash equivalents	$330,522	$(302,714)

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

(12) Investments under equity method

(a) The following table lists the investments under equity method of the Group:

Investees	As of December 31, 2017 Carrying amount	2017 Percentage of ownership (%)	2016 Carrying amount	2016 Percentage of ownership (%)
Investments in associates:				
Listed companies				
Elitegroup Computer Systems Co., Ltd.	$3,789,505	27.35	$3,846,228	27.35
Unlisted companies				
Tatung Okuma Co., Ltd.	1,184,201	49.00	1,074,358	49.00
Kuender Co., Ltd.	80,458	50.00	142,461	50.00
Hsieh-Chih Industrial Library Publishing Co.	13,503	98.80	13,138	98.80
Chung-Tai Technology Development Engineering Co.	13,165	22.00	14,162	22.00
Lansong International Co., Ltd.	-	98.33	-	98.33
Tatung Cranes (Shanghai) Co., Ltd	24,699	45.00	27,657	45.00
Taiwan Nissei Display System Co., Ltd (Note 1)	-	-	37,748	20.00
Ufeco (Wujiang) Technology Inc.	23,846	40.00	20,932	40.00
Nature Worldwide Technology Corp. (Note 2)	(19,970)	85.36	(19,970)	85.36
Yunbao Co., Ltd	2,115	40.00	1,810	40.00
Subtotal	1,322,017		1,312,296	
Jointly Controlled Entity:				
Panshiyiyuant Mgmt. Investment (Fuzhou) Co. (Note 3)	-	-	485,029	50.00
Lin Htet Lin Company Limited	3,951	49.00	4,691	49.00
Tatung Middle East Purification of Potable Water L.L.C (Note 4)	722	49.00	-	-
Net of long-term investments accounted for under equity method	5,116,195		5,648,244	
Add: Long-term equity investments, credit balance	19,970		19,970	
Total	$5,136,165		$5,668,214	

Note 1: Chih-Sheng Investment Co., Ltd., a subsidiary of the Company, signed a share disposal contract in March 2018 to sell shares of its investment under equity method, Taiwan Nissei Display System Co., Ltd. Hence, it was reclassified as non-current assets held for sale as of December 31, 2017

Note 2: San Chih Investment Co., Ltd., the 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, 2017.

Note 3: Panshiyiyuant Mgmt. Investment (Fuzhou) Co. is a limited partnership co-founded by CPT's subsidiaries, Fuzhou YingYuan Equity Investment Management Co., Ltd., CPTF Optronics Co., Ltd. and ZhongHengYiYuan Co. Its business scope includes consulting services of non-securities investments and securities related investments. Because Panshiyiyuant Mgmt. Investment (Fuzhou) Co. could not find appropriate investment targets, its establishment registration was cancelled on August 11, 2017.

Note 4: The Company started a joint venture with peers through Leap High Limited in Dubai to establish Tatung Middle East Purification of Potable Water L.L.C. in April 2017 to expand and win business related with solar energy and water generators in the Middle East's market.

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

(b) Investments in associates:

j 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 NTD3,026,637 thousand and NTD2,378,616 thousand, as of December 31, 2017 and 2016, respectively.

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

The summarized financial information of the associate is as follows:

	As of December 31,	
	2017	2016
Current assets	$15,582,748	$16,383,504
Non-current assets	6,337,971	7,001,020
Current liabilities	(9,631,841)	(10,710,784)
Non-current liabilities	(528,556)	(698,150)
Equity	11,760,322	11,975,590
Proportion of the Group's ownership	27.35%	27.35%
Subtotal	3,216,448	3,275,324
Goodwill	614,638	614,638
Other adjustments	(41,581)	(43,734)
Carrying amount of the investment	$3,789,505	$3,846,228

	For the years ended December 31,	
	2017	2016
Operating revenue	$29,947,340	$29,945,931
Profit (loss) from continuing operations	224,119	(878,808)
Other comprehensive income (loss), net of income tax	(429,894)	(484,597)
Total comprehensive income (loss)	(205,775)	(1,363,405)

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

k Except the associate mentioned above, the other associates were not individually material. As of December 31, 2017 and 2016, the aggregate carrying amount of the Group's interests in the other associates was NTD1,322,017 thousand and NTD1,312,296 thousand, respectively. The aggregate financial information based on Group's share of the other associates is as follows:

	For the years ended December 31,	
	2017	2016
Profit from continuing operations	$96,054	$47,221
Other comprehensive income (loss) (post-tax)	711	2,173
Total comprehensive income (loss)	96,765	49,394

l The other associates had no contingent liabilities or capital commitments as of December 31, 2017 and 2016, nor did the associates provide collaterals.

m Please refer to Note 8 for more details on the investment in material associate pledged as collateral of the Group.

(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,	
	2017	2016
Profit (loss) from continuing operations	$(4,292)	$24,889
Other comprehensive income (loss), net of income tax	-	-
Total comprehensive income (loss)	$(4,292)	$24,889

The investments in jointly controlled entities were not pledged as collateral.

(d) The balances of certain investments accounted for under the equity method that were audited by other independent accountants were NTD3,789,505 thousand and NTD3,846,228 thousand as of December 31, 2017 and 2016, respectively. The balances of share of profit of associates accounted for using equity method that were audited by other independent accountants were NTD58,065 thousand and NTD(258,571) thousand for the years ended December 31, 2017 and 2016, respectively. The balances of share of other comprehensive income (loss) of associates and joint ventures that were audited by other independent accountants were NTD(114,788) thousand and NTD(133,419) thousand as of December 31, 2017 and 2016, respectively.

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

(13) Property, plant and equipment

(a) 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, 2017	$20,355,880	$38,353,070	$156,476,491	$2,681,146	$365,904	$530,565	$4,602,085	$48,522,655	$10,105,571	$281,993,367
Additions	-	73,957	1,047,823	82,546	6,491	-	139,694	748,552	31,789,995	33,889,058
Disposals	(141,757)	(136,556)	(916,630)	(76,407)	(37,133)	(43,854)	(28,078)	(1,953,491)	(30,093)	(3,363,999)
Other changes (Note)	(7,280)	4,818,698	22,174,592	(37,315)	(9,362)	49,714	(4,875)	1,328,273	(29,535,332)	(1,222,887)
As of December 31, 2017	$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
As of January 1, 2016	$20,862,106	$44,061,196	$167,056,151	$3,358,747	$430,107	$477,376	$5,166,204	$48,715,569	$4,280,967	$294,408,423
Additions	1,265,948	56,218	559,105	79,086	6,597	102,300	393,289	701,140	9,363,932	12,527,615
Disposals	(99,300)	(232,261)	(3,114,317)	(142,068)	(53,267)	(80,356)	(584,210)	(415,840)	(6,526)	(4,728,145)
Other changes (Note)	(1,672,874)	(5,532,083)	(8,024,448)	(614,619)	(17,533)	31,245	(373,198)	(478,214)	(3,532,802)	(20,214,526)
As of December 31, 2016	$20,355,880	$38,353,070	$156,476,491	$2,681,146	$365,904	$530,565	$4,602,085	$48,522,655	$10,105,571	$281,993,367

	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
Depreciation and impairment:										
As of January 1, 2017	$(9,461)	$(15,570,647)	$(144,009,371)	$(2,379,300)	$(310,204)	$(259,590)	$(2,714,789)	$(45,221,985)	$-	$(210,475,347)
Depreciation	(223)	(1,379,706)	(3,981,913)	(122,101)	(14,212)	(81,589)	(370,720)	(1,915,938)	-	(7,866,402)
Amortization	(2,534)	-	(2,724)	-	-	-	-	-	-	(5,258)
Disposals	-	77,269	594,988	75,261	34,789	43,854	24,394	1,831,488	-	2,682,043
Other changes (Note)	5,515	240,415	89,545	63,240	7,001	3,442	4,129	42,572	-	455,859
As of December 31, 2017	$(6,703)	$(16,632,669)	$(147,309,475)	$(2,362,900)	$(282,626)	$(293,883)	$(3,056,986)	$(45.263,863)	$-	$(215,209,105)
As of January 1, 2016	$(6,952)	$(16,849,271)	$(150,126,657)	$(2,848,709)	$(357,061)	$(290,490)	$(2,565,744)	$(43,563,373)	$-	$(216,608,257)
Depreciation	(48)	(1,543,240)	(4,897,529)	(158,498)	(19,699)	(45,819)	(482,976)	(2,392,494)	-	(9,540,303)
Amortization	(2,535)	-	(3,908)	-	-	-	-	-	-	(6,443)
Disposals	-	178,600	3,114,317	141,386	53,267	80,356	101,894	236,468	-	3,906,288
Other changes (Note)	74	2,643,264	7,904,406	486,521	13,289	(3,637)	232,037	497,414	-	11,773,368
As of December 31, 2016	$(9,461)	$(15,570,647)	$(144,009,371)	$(2,379,300)	$(310,204)	$(259,590)	$(2,714,789)	$(45,221,985)	$-	$(210,475,347)

	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
Net carrying amount as at:										
December 31, 2017	$20,200,140	$26,476,500	$31,472,801	$287,070	$43,274	$242,542	$1,651,840	$3,382,126	$12,330,141	$96,086,434
December 31, 2016	$20,346,419	$22,782,423	$12,467,120	$301,846	$55,700	$270,975	$1,887,296	$3,300,670	$10,105,571	$71,518,020

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 or on reclassification to non-current assets held for sale.

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

j Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the years ended December 31, 2017	2016
Construction in progress	$1,988	$83,939
Machinery and equipment	-	880
Capitalization rate of borrowing costs	5.50%	2.63%~5.50%

k Components of buildings, including main building structure, electronic engineering, electrical engineering, fire engineering, air conditioning units and elevators were depreciated by useful lives.

l Leased assets under finance leases were pledged solely as security for the bank loans.

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

n Assets related to Tatung University are described as follows:
The carrying amount of Hsin-She-Gong Building ("the Building") was NTD125,402 thousand. The Company provided the fund fully for the building. The ownership registration was completed and the Company has acquired building use permit and related licenses.

On May 6, 2016, Shan-Chih Asset Development purchased the land of Hsin-She-Gong Building and completed the transfer of title. The development plans will go with the overall plans of the Company in the future. The related development plans involved issues such as land usage modifications and urban planning. The long term plans still need continuing communication between Tatung University and the Education ministry and integrated planning.

o Due to other reasons, some land and prepayments for land of the Company and its subsidiaries have been held by other people and asset protection measures have been taken.

p The Group decided to sell part of the land and building of Tatung Building to Yuanta Financial Holding Co., Ltd in the amount of NTD1,650,000 thousand. The transaction was completed in June 2017 and the gain of disposal was NTD1,461,745 thousand.

⑧ The book values of certain property, plant and equipment of the Group have been deducted to recoverable amount. Impairment loss of NTD657,505 thousand (including NTD23,880 thousand which was deducted from other non-current asset) and of NTD329,161 thousand were recognized to the comprehensive income statement for the years ended December 31, 2017 and 2016, respectively. The recoverable amount was measured by net fair value. The fair value was estimated by the amount to which both the seller and buyer agreed and under the condition that both parties agreed to all the transaction terms. The impairment loss was recognized as the difference between the estimated net fair value and book values.

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

(14) Investment property

	Land	Buildings	Total
Cost:			
January 1, 2017	$12,341,995	$2,382,239	$14,724,234
Additions	-	2,094	2,094
Other changes (Note)	95,075	(1,386)	93,689
December 31, 2017	$12,437,070	$2,382,947	$14,820,017
January 1, 2016	$12,325,442	$2,290,331	$14,615,773
Additions	6,036	96,264	102,300
Other changes (Note)	10,517	(4,356)	6,161
December 31, 2016	$12,341,995	$2,382,239	$14,724,234
Depreciation and impairment:			
January 1, 2017	$-	$(618,137)	$(618,137)
Depreciation	-	(74,909)	(74,909)
Other changes (Note)	-	871	871
December 31, 2017	$-	$(692,175)	$(692,175)
January 1, 2016	$-	$(545,747)	$(545,747)
Depreciation	-	(74,692)	(74,692)
Other changes (Note)	-	2,302	2,302
December 31, 2016	$-	$(618,137)	$(618,137)
Net carrying amount as at:			
December 31, 2017	$12,437,070	$1,690,772	$14,127,842
December 31, 2016	$12,341,995	$1,764,102	$14,106,097

Note: Other changes including transfer in (out) and reclassifications from prepayments for land, inventory, property, plant and equipment, and changes in exchange rates.

	For the years ended December 31,	
	2017	2016
Rental income from investment property	$396,955	$374,690
Less: Direct operating expenses from investment property generating rental income (not including depreciation)	(103,058)	(86,087)
Direct operating expenses from investment property not generating rental income (not including depreciation)	-	-
Total	$293,897	$288,603

No investment property was pledged.

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

The investment properties of the Group were not measured at fair value. Instead, the Group only disclosed information about fair value. The fair value measurement was categorized under Level 3. The fair value of part of the investment properties was determined based on valuations performed by an independent appraiser. As of December 31, 2017 and 2016, the fair values of investment properties were NTD28,090,861 thousand and NTD22,659,871 thousand, respectively. The fair values were supported by market evidences. The valuation method used is income approach－discounted cash analysis and land development analysis, and the parameters mainly used are as follows:

	As of December 31, 2017	As of December 31, 2016
Discount rate	1.845%~8.500%	1.985%~8.500%
Growth rate	0.8%~3%	1%~5%

(15) Intangible assets

	Goodwill	Patents and licenses	Computer software	Others Intangible asset	Total
Cost:					
January 1, 2017	$314,781	$4,572,515	$759,298	$225,721	$5,872,315
Addition-acquired separately	-	110,433	166,325	961	277,719
Disposals	-	(502,874)	(86,263)	-	(589,137)
Other (Note)	-	(869)	13,178	(19,102)	(6,793)
December 31, 2017	$314,781	$4,179,205	$852,538	$207,580	$5,554,104
Cost:					
January 1, 2016	$314,781	$4,568,060	$722,064	$329,004	$5,933,909
Addition-acquired separately	-	5,110	286,081	17,470	308,661
Disposals	-	-	(130,298)	-	(130,298)
Other (Note)	-	(655)	(118,549)	(120,753)	(239,957)
December 31, 2016	$314,781	$4,572,515	$759,298	$225,721	$5,872,315
Amortization and impairment:					
January 1, 2017	$145,690	$3,877,424	$635,246	$122,855	$4,781,215
Amortization	-	133,422	151,126	1,661	286,209
Disposals	-	(502,874)	(86,263)	-	(589,137)
Other (Note)	169,091	-	(356)	-	168,735
December 31, 2017	$314,781	$3,507,972	$699,753	$124,516	$4,647,022
Amortization and impairment:					
January 1, 2016	$-	$3,538,932	$505,525	$96,531	$4,140,988
Amortization	-	206,723	180,925	26,407	414,055
Disposals	-	-	(130,298)	-	(130,298)
Other (Note)	145,690	131,769	79,094	(83)	356,470
December 31, 2016	$145,690	$3,877,424	$635,246	$122,855	$4,781,215
Net carrying amount as at:					
December 31, 2017	$-	$671,233	$152,785	$83,064	$907,082
December 31, 2016	$169,091	$695,091	$124,052	$102,866	$1,091,100

Note: Other including changes in exchange rates, reclassification, impairment losses and consolidated entities reclassified to non-current assets held for sale.

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

	For the years ended December 31,	
	2017	2016
Operating costs	$8,329	$33,427
Operating expense (including research and development costs)	$277,880	$380,628

(16) Other non-current assets

	As of December 31,	
	2017	2016
Long-term prepaid rent	$2,261,437	$1,587,225
Advance payments in equipment	5,500,058	3,490,198
Advance payments in materials	1,813,932	2,093,326
Refundable deposits	838,331	750,948
Net Input VAT	3,195,330	21,737
Other non-current assets - other	388,506	668,090
Total	$13,997,594	$8,611,524

As of December 31, 2017 and 2016, long-term prepaid rents were for land use rights.

Please refer to Note 9 (7) for 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, 2017 and 2016, land under third parties that had pledged to the Group were both NTD227,979, and land unsecured were both NTD4,669 thousand. In order to secure the Group's right over the lands, the Group has adopted relevant security measures, including having the lands pledged to the Group. Yet, there are still some pieces of land that the Group has not secured its right over them. The Group continues handling the issue eagerly.

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

(17) Long-term receivables-net

	As of December 31,	
	2017	2016
Long-term receivables	$798,084	$776,998
Loss: Allowance for bad debts	(665,294)	(520,799)
Total	$132,790	$256,199

(18) Short-term loans

		As of December 31,	
	Interest Rates (%)	2017	2016
Unsecured bank loans	0.66%~5.20%	$21,814,171	$29,017,645
Secured bank loans	0.89%~7.00%	19,722,315	25,377,994
Subtotal		41,536,486	54,395,639
Due to employees	0.17%~0.17%	16,154	16,454
Total		$41,552,640	$54,412,093

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

The Group's unused short-term lines of credits amounted to NTD12,242,991 thousand and NTD17,569,187 thousand, as of December 31, 2017 and 2016, respectively.

Secured bank loans were pledged under part of the subsidiaries, available-for-sale financial assets, debt instrument investments for which no active market existed, stock investments of subsidiaries, investment under the equity method, account receivables, prepaid rents (right of use of land) and property, plant and equipment. Please refer to Note 8 for more details.

(19) Short-term notes and bills payable

Guarantors	Interest Rates (%)	As of December 31, 2017	As of December 31, 2016
Unsecured domestic bills payable	0.45%~7.00%	$3,490,150	$2,059,592
Less: Unamortized discount		(3,097)	(1,689)
Net		$3,487,053	$2,057,903

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

	As of December 31, 2017	As of December 31, 2016
Held for trading:		
Derivatives not designated as hedging Instruments		
Foreign currency option	$767	$260
Foreign exchange forward contracts	591	581
Total	$1,358	$841
Current	$1,358	$841

(21) Long-term deferred revenue

Long-term deferred revenue were government grants for the years ended December 31, 2017 and 2016.

Government grants

	As of December 31, 2017	As of December 31, 2016
Beginning balance	$240,620	$271,902
Received during the period	65,147	115,446
Released to the statement of comprehensive income	(145,734)	(126,077)
Exchange differences	(5,515)	(20,651)
Ending balance	$154,518	$240,620

Government grants had been received for the purchase of particular items of property, plant and equipment which were amortized during the useful life of the acquired assets.

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

(22) Long-term loans

Details of long-term loans as of December 31, 2017 and 2016 are as follows:

(a) The Company

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured Long-term loans from King's Town Bank	$-	$527,000	2.56	Medium-term secured loan (in batches), the loan amount of 600 million (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, the grace period of 12 months, first repayment date being the end date of the grace period, 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	-	900,000	2.61	Medium-term unsecured loan (in batches), the loan amount of 900 million (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, the grace period of 12 months, first repayment date being the end date of the grace period, 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 King's Town Bank	500,000	-	2.07	Effective from September 28, 2017 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Unsecured long-term loans from King's Town Bank	150,000	-	2.07	Effective from September 28, 2017 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).

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

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured long-term loans from King’s Town Bank	$350,000	$-	2.07	Effective from November 27, 2017 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Unsecured long-term loans from King’s Town Bank	300,000	-	2.07	Effective from December 29, 2017 to September 28, 2019. (non-revolving use, used in batches, each loan use up to 2 years, cannot exceed expiry date, interest payments due monthly, only interest payments needed in the grace period of 12 months, first repayment date being the 15th months after the granted day, quarterly repayment of the 25% of the amount of the loan agreement, balance being reduced if no principal, principal being repaid upon maturity).
Secured Long-term loans from Bank SinoPac	71,781	84,265	2.57	Effective July 9, 2014 to July 9, 2023. Since the first use date, principal is repaid in 36 quarterly payments.
Secured Long-term loans from Bank SinoPac	262,042	289,625	2.72	Effective April 27, 2015 to April 27, 2027. Since the first use date, principal is repaid in 48 quarterly payments.
Secured Long-term loans from Bank SinoPac	153,333	-	2.56	Effective June 27, 2017 to June 27, 2029. Since the first use date, principal is repaid in 48 quarterly payments.
Unsecured long-term loans from Taiwan Cooperative Bank	1,100,000	1,100,000	2.09	Effective August 19, 2016 to December 29, 2019. The principal will be repaid upon maturity.
Unsecured long-term loans from Far Eastern International Bank	627,417	703,040	2.02	Effective December 10, 2015 to December 22, 2020. Revolving use. Whenever individual project bills and receives payment in the compensation account, 77% of such deposit will be used to repay the principal.
Secured Long-term loans from O-Bank	33,099	-	2.28	Since the first use date, the credit limit would be decreased 0.7% per month for the first 35 months, and 75.5% in the 36th month.
Secured Syndicated loans from Bank of Taiwan	16,200,000	16,200,000	1.93	Effective December 23, 2016 to December 23, 2021. The 1st repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1st to 4th payments will be 5% and the remaining 80% will be repaid in the 5th repayment.
Secured Syndicated loans from Bank of Taiwan	8,640,000	5,840,000	1.93	Effective December 23, 2016 to December 23, 2021. The 1st repayment of principal is in 3 years after first draw. The remaining principal is repaid in 5 semi-annually repayments. The 1st to 4th repayments will decrease the credit limit by 5% each, and the remaining 80% will be repaid in the 5th repayment.

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

Lenders	As of December 31, 2017	2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Hua Nan Bank L/C loans (USD)	$-	$19,259	1.90~3.38	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Hua Nan Bank L/C loans (RMB)	-	12,443	8.48	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Mega Bank L/C loans (USD)	-	27,913	2.28~3.38	Principal is repaid in 180 days after first draw. The duration of the loan is two years.
Two-year loans due to stockholders and employees	17,353	17,353		
Subtotal	28,405,025	25,720,898		
Less: unamortized issuing cost	(166,655)	(205,640)		
	28,238,370	25,515,258		
Less: current portion	(398,534)	(1,109,420)		
Total	$27,839,836	$24,405,838		

Shan-Chih Asset Development Co. guaranteed the Company’s long-term loans. As of December 31, 2017 and 2016, the balance of guarantees were NTD27,200,000 thousand and NTD28,200,000 thousand, respectively; the Company’s former Chairman, W.S. Lin, guaranteed part of the Company’s bank loans. However, the responsible person of the Company has changed from W. S. Lin to Wen-Yen Lin Kuo according to resolutions of the Board of Directors on February 1, 2018, and the alternation registration with the Ministry of Economic Affairs was completed on February 8, 2018. Until the day the financial statements authorized for issue in accordance with a resolution of the Board of Directors, the bank loans guaranteed by the former Chairman, W.S. Lin have been gradually transferred to the current Chairman Wen-Yen Lin Kuo.

For the years ended December 31, 2017 and 2016, certain long term loans of the Company included debt covenants requiring minimum levels of liquidity ratio, liability to equity ratio, and net assets value. For the years ended December 31, 2017 and 2016, the Company did not breach any such covenants, therefore there was no immediate repayment of the loans triggered by breach of covenants.

Part of the property, plant and equipment, debt instrument investments with no active market exists, 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.)

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

(b) CPT and its subsidiaries

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Administered by Bank of Taiwan(syndicated loans)	$2,278,125	$3,543,750	2.77~3.25	The first repayment date is six months after the date of this agreement, and each of the eighteen successive semi-annual dates thereafter. The repayment percentages are 5% for the first repayment, 7.5% for the second and third repayments, 10% for the fourth and the fifth repayments, 12% for the sixth and seventh repayments, 3.6% for the eighth and ninth repayments, 6.3% for the tenth repayment, 2.25% for the eleventh to fourteenth repayments, and 3.375% for the fifteenth to eighteenth repayments.
Secured long-term loan from Mega Bills Finance Co. Ltd.	-	47,200	2.69	Extend annually beginning one year after the first use day. Credit limit is gradually reduced on a semi-annual basis beginning six months after the first use day. Credit limit is reduced by 5% first six months after the first use day, then 7.5% for the second and third six months periods, 10%, for the fourth and fifth six months periods, 12% for the sixth and seventh six months periods, 3.6% for the eighth and ninth six months periods, 6.3% for the tenth six months periods, 2.25% for the eleventh to fourteenth six months periods, and 3.375% for the fifteenth to eighteenth six months period.
Secured long-term loan from King’s Town bank	-	1,700,000	3.30	The first repayment date is six months after the drawdown date, and the rest of the repayments will be made on each of the nineteen successive quarterly dates thereafter. From September 30, 2015 to June 30, 2016, the repayment is NTD50,000 thousand every quarter. From September 30, 2016 to June 30, 2019, the repayment is NTD100,000 thousand every quarter. From September 30, 2019 to June 30, 2020, the repayment is NTD150,000 thousand every quarter.
Secured long-term loan from King’s Town bank	-	1,180,000	2.61	A grace period of 6 months after the drawdown date, the first repayment date is three months after the grace date, and the rest of the repayments will be made on each of the sixth successive quarterly dates thereafter. From November 1, 2016 to November 1, 2017, the repayment is NTD20,000 thousand every quarter. NTD1,100,000 thousand will be repaid on February 1, 2018.
Secured long-term loan from King’s Town bank	1,000,000	-	2.25	The first repayment date is six months after the drawdown date, and the rest of the repayments will be made on each of the seventeen successive quarterly dates thereafter. From January 31, 2018 to April 30, 2019, the repayment is NTD25,000 thousand every quarter. From July 31, 2019 to October 31, 2020, the repayment is NTD50,000 thousand every quarter. From January 31, 2021 to January 31, 2022 the repayment is NTD90,000 thousand every quarter. The remaining will be due on April 18, 2022.

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

	As of December 31,		Interest rate	
Lenders	2017	2016	(%)(Note)	Maturity date and terms of repayment
Secured long-term loan from King's Town bank	$600,000	$-	2.25	The first repayment date is six months after the drawdown date, and the rest of the repayments will be made on each of the seventeen successive quarterly dates thereafter. From April 30, 2018 to July 31, 2019, the repayment is NTD15,000 thousand every quarter. From October 31, 2019 to January 1, 2021, the repayment is NTD30,000 thousand every quarter. From April 30, 2021 to April 30, 2022 the repayment is NTD54,000 thousand every quarter. The remaining will be due on July 10, 2022.
Secured long-term loan from China Development Bank (USD15,000 thousand)	-	198,660	6.32	The repayment is divided into nine successive dates. USD0.6 million will be repaid on November 9, 2013. USD0.21 million will be repaid on April 30, 2014. USD0.31 million will be repaid on October 30, 2014. USD1.49 million will be repaid on April 30, and October 30, 2015. USD2.37 million will be repaid on April 30, and October 30, 2016. USD3.08 million will be repaid on April 30, and November 8, 2017.
Secured long-term loan from Agricultural Bank of China (RMB200,000 thousand)	-	185,959	5.94	The repayment is divided into six successive dates. RMB30 million will be repaid per six months from December 31, 2014 to June 30, 2016. RMB40 million will be repaid on December 31, 2016 to January 16, 2017, respectively.
Secured Long-term loan from China Merchant Bank (RMB100,000 thousand)	-	222,399	5.94	The repayment is divided into ten successive dates. 5% will be repaid for the 1st to 4th six months periods, 10% will be repaid for the 5th to 8th six months periods, and 20% will be repaid for the 9th to 10th six months periods. The maturity date is July 31, 2017.
Secured long-term loan from Export-Import Bank (RMB96,280 thousand)	-	145,420	4.99	The repayment is divided into eight successive dates. RMB5 million will be repaid on June 21, and December 21, 2014. RMB12.5 million will be repaid on June 21, and December 21, 2015. RMB15 million will be repaid on June 21, and December 21, 2016. RMB17.5 million will be repaid on June 21, 2017. RM 13.78 million will be repaid on December 17, 2017.
Secured long-term loan from Bank of Communications Financial Leasing Co., Ltd (RMB60,000 thousand)	-	74,057	5.00	The repayment is divided into twelve installments. The first payment RMB4,591 thousand was made on December 15, 2014. The repayment of RMB4,662 thousand was made on March 15, 2015. The repayment of RMB4,733 thousand was made on June 15, 2015. The repayment of RM 4,806 thousand was made on September 15, 2015. The repayment of RMB4,930 thousand was made on December 15, 2015. The repayment of RMB4,991 thousand was made on March 15, 2016. The repayment of RMB5,054 thousand was made on June 15, 2016. The repayment of RMB5,117 thousand was made on September 15, 2016. The repayment of RMB5,186 thousand was made on December 15, 2016. The repayment of RMB5,247 thousand was made on March 15, 2017. The repayment of RMB5,310 thousand was made on June 15, 2017. The repayment of RMB5,373 thousand was made on September 15, 2017.

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

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from China Construction Bank (USD29,100 thousand)	$-	$938,475	2.79	The one-time repayment will be due on January 30, 2017
Secured long-term loan from China Construction Bank (USD24,735 thousand)	736,113	797,704	2.08~2.23	The one-time repayment will be due on October 19, 2018.
Secured long-term loan from China Construction Bank (USD60,000 thousand)	1,785,600	-	2.63	The one-time repayment will be due on January 10, 2019.
Secured long-term loan from China Construction Bank (USD49,470 thousand)	1,472,227	-	2.65	The one-time repayment will be due on February 1, 2019.
Administered by China Construction Bank (syndicated loans) (RMB211,214 thousand)	961,975	-	4.75	Starting from May 8, 2019, the repayment is divided into eight semi-annually successive repayments. RMB24,178 thousand will be repaid on 1st and 2nd repayments. RMB31,539 thousand will be repaid on 3rd and 4th repayments. RMB35,923 thousand will be repaid on 5th and 6nd repayments. RMB13,967 thousand will be repaid on 7th and 8th repayments.
Administered by China Construction Bank (syndicated loans) (USD115,329 thousand)	3,432,188	-	4.20~4.49	Starting from May 8, 2019, the repayment is divided into eight semi-annually successive repayments. RMB13,202 thousand will be repaid on 1st and 2nd repayments. RMB17,221 thousand will be repaid on 3rd and 4th repayments. RMB19,615 thousand will be repaid on 5th and 6nd repayments. RMB7,627 and RMB7,626 thousand will be repaid on 7th and 8th repayments.
Secured long-term loan from China Fortune Securities (RMB200,000 thousand)	-	929,796	7.50	The one-time repayment will be due on February 28, 2017.
Secured long-term loan from China Minsheng Bank (RMB300,000 thousand)	-	1,394,694	9.00	The one-time repayment will be due on January 13, 2017.
Secured long-term loan from China Minsheng Bank (RMB53,000 thousand)	1,577,280	-	2.91	The one-time repayment will be due on December 18, 2018.
Secured Long-term loan from China Merchant Bank (USD42,500 thousand)	-	1,370,625	2.65	The one-time repayment will be due on January 6, 2017.
Secured Long-term loan from China Merchant Bank (USD45,000 thousand)	-	1,451,250	2.82	The one-time repayment will be due on January 20, 2017.
Secured Long-term loan from Bohai International Trust (RMB466,950 thousand)	1,953,653	2,170,841	6.40	The one-time repayment will be due on December 27, 2018.

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

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured Long-term loan from Bohai International Trust (RMB1,126,590 thousand)	$4,946,597	$-	6.60	The one-time repayment will be due on March 24, 2019.
Secured Long-term loan from China Railway Trust (RMB300,000 thousand)	-	1,394,694	8.90	The one-time repayment will be due on January 27, 2017.
Secured Long-term loan from China Railway Trust (RMB177,500 thousand)	808,424	825,194	6.35	The one-time repayment will be due on October 13, 2018.
Secured Long-term loan from China Railway Trust (RMB388,000 thousand)	1,767,146	-	5.65	The one-time repayment will be due on February 13, 2019.
Secured long-term loan from China Minsheng Bank (RMB420,000 thousand)	1,912,890	1,952,572	5.95	The one-time repayment will be due on December 27, 2018.
Unsecured Long-term loan from Industrial Bank (RMB50,000 thousand)	113,863	-	3.00	The repayment is divided into two successive repayments. RMB25,000 thousand will be repaid on August 1, 2017 and August 1, 2018, respectively.
Unsecured Long-term loan from Hua Fu Securities Co., Ltd. (RMB50,000 thousand)	170,794	-	3.00	The repayment is divided into four successive repayments. RMB12,500 thousand will be repaid on November 28, 2017, November 28, 2018, November 28, 2019, and November 28, 2020.
Subtotal	25,516,875	20,523,290		
Less: unamortized issuing cost	(54,526)	(93,885)		
	25,462,349	20,429,405		
Less: current portion	(9,582,279)	(10,168,480)		
Total	$15,880,070	$10,260,925		

For the years ended December 31, 2017 and 2016, certain long-term loans of CPT included debt covenants requiring minimum levels of liquidity ratio, liability to equity ratio, and net assets value. For the years ended December 31, 2017 and 2016, CPT had not breached the restrictive covenants of the contracts, and hence there was no immediate repayment of the loans triggered by breach of loan contracts.

As of December 31, 2017, Chairman of CPT, W. S. Lin, was the joint guarantor of part of the bank loans. 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.)

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

(c) SCSC and its subsidiaries

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured long-term loan from King's Town Bank	$-	$312,352	2.52	Started from March 17, 2015, principal is repaid in 24 monthly payments in the amount of NTD15,000 thousand per payment.
Unsecured long-term loan from King's Town Bank	163,394	291,709	2.55~2.65	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	257,687	699,437	2.59~2.72	Started from July 21, 2016, principal is repaid in 25 monthly payments in the amount of NTD38,000 thousand per payment.
Secured Long-term loans from King's Town Bank	239,109	338,516	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.
Unsecured long-term loan from King's Town Bank	485,728	-	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.
Secured syndicated Loans from Fubon Financial Bank	-	181,942	3.49	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2015 and June 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
Secured syndicated Loans from Fubon Financial Bank	-	273,108	3.42	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2015 and June 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
Secured syndicated Loans from Fubon Financial Bank	-	49,662	3.49	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2015 and June 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
Secured syndicated Loans from Fubon Financial Bank	-	74,688	3.42	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2015 and June 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.

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

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured syndicated Loans from Fubon Financial Bank	$109,126	$-	4.20	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2017 and June 2018 has been extended for two years from the original due date. 80% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 5 semi-annual payments. 4.5% will be repaid on the first four payments, while 2% will be repaid on the last payment.
Secured syndicated Loans from Fubon Financial Bank	163,765	-	3.71	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2017 and June 2018 has been extended for two years from the original due date. 80% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 5 semi-annual payments. 4.5% will be repaid on the first four payments, while 2% will be repaid on the last payment.
Secured syndicated Loans from Fubon Financial Bank	29,845	-	4.20	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2017 and June 2018 has been extended for two years from the original due date. 80% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 5 semi-annual payments. 4.5% will be repaid on the first four payments, while 2% will be repaid on the last payment.
Secured syndicated Loans from Fubon Financial Bank	44,844	-	3.71	The principal of the syndicated loans from Fubon Financial Bank which are originally due on December 2017 and June 2018 has been extended for two years from the original due date. 80% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 5 semi-annual payments. 4.5% will be repaid on the first four payments, while 2% will be repaid on the last payment.
Secured syndicated Loans from Bank of Taiwan	77,467	115,621	2.87	The principal of the syndicated loans from Bank of Taiwan which are originally due on April 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.
Secured syndicated Loans from Bank of Taiwan	144,496	216,164	2.87	The principal of the syndicated loans from Bank of Taiwan which are originally due on April 2016 has been extended for two years from the original due date. 30% will be repaid on the due dates mentioned above. Starting from the due dates mentioned above, principal is repaid in 4 semi-annual payments. 10% will be repaid on the first three payments, while 40% will be repaid on the last payment.

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

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from Robina Finance & Leasing Corp.	$25,830	$-	5.17	Started from April 23, 2017, principal is repaid in 18 monthly payments. NTD2,880 thousand will be repaid for the 1st to 8th periods, NTD2,680 thousand will be repaid for the 9th to 17th periods, and NTD5,000 thousand will be repaid in the last period.
Secured long-term loan from Chailease Finance Co., Ltd.	-	13,645	2.79	Started from May 22, 2015, principal is repaid in 30 monthly payments in the amount of NTD1,382 thousand per each payment.
Secured long-term loan from Chailease Finance Co., Ltd.	2,884	11,309	1.66~2.80	Started from May 20, 2015, principal is repaid in 36 monthly payments. NTD710 will be repaid for the 1st to 27th periods and an additional NTD500 thousand will be added cumulatively to each repayment for the last five periods.
Sales with Buyback Agreements with Chailease Finance Co., Ltd.	5,503	48,073	1.63	Started from January 28, 2016, principal is repaid in 8 quarterly payments in the amount of NTD11,000 per each payment. NTD5,600 for the last payment.
Secured long-term loan from Robina Finance & Leasing Corp. (Suzhou)	43,279	89,831	10.28	Effective from November 15, 2016. Principal is repaid in 25 monthly payments. NTD1,955 thousand will be repaid for the 1st period. NTD3,998 thousand will be repaid for the 2nd to 9th periods. NTD4,881 thousand will be repaid for the 10th to 17th periods. NTD3,952 thousand will be repaid for the 18th to 25th periods.
Far Eastern International Bank	-	150,000	1.63	The one-time repayment will be due on December 23, 2018.
Far Eastern International Bank	120,000	-	1.63	The one-time repayment will be due on December 21, 2019.
Subtotal	1,912,957	2,866,057		
Less: current portion	(1,312,726)	(1,386,998)		
Total	$600,231	$1,479,059		

Certain long-term loans of SCSC and its subsidiary, (GET) included debt covenants requiring minimum levels of liquidity ratio, liability to equity ratio, and net assets value. GET did not obtain the waiver from Fubon Financial Bank before the date the consolidated financial statements authorized by the Board of Directors. Hence, there should be immediate repayment of the loans triggered by breach of loan contracts in accordance with the agreement obtained from the banks. The unpaid loans were reclassified to current portion of long term loans.

Please refer to Note 9 for details of the syndicated loans.

As of December 31, 2017, the Company’s Chairman, W.S. Lin, was a joint guarantor of SCSC and its subsidiaries’ bank loans, except for secured loan for NTD71,993 thousand. Please refer to Note 8 for the guarantee for the long-term loans.

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

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

(d) FD and its subsidiaries

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured loan from Bank of Panhsin	$200,000	$200,000	2.94	Effective from October 28, 2016 to October 28, 2018. 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	540,000	560,000	2.85	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 10th payment. Interest is paid monthly.
Subtotal	740,000	760,000		
Less: current portion	(220,000)	(220,000)		
Total	$520,000	$540,000		

Certain lands and buildings were pledged as first mortgage for secured loans from Bank of Panhsin and Bank of Taiwan. 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.)

(e) Tatung Forestry and Development Co.

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from Sunny Bank	$-	$7,500	2.00~2.25	Effective from April 2012 to April 2027, with a grace period of 36 months from the effective date. Principal is repaid in 24 semi-annually payments started from April 6, 2015. Interest is paid monthly.
Subtotal	-	7,500		
Less: current portion	-	(1,666)		
Total	$-	$5,834		

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.)

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

(f) Chih-Sheng Realty Co.

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from O-Bank	$120,000	$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	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	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	2.35~2.65	Effective from July 20, 2015 to July 20, 2020. Principal is repaid in 24 monthly payments started from the 4th year. NTD5,000 thousand will be repaid for 1st to 12th periods. NTD10,000 thousand will be repaid for 13th to 23rd periods, and the remaining would be repaid at maturity.
Subtotal	545,000	495,000		
Less: current portion	-	-		
Total	$545,000	$495,000		

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.)

(g) Tatung Die Casting Co.

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured long-term Loan from Hua Nan Bank	$19,375	$26,875	2.88	Effective November 2014 to November 2019. Principal is repaid in 12 quarterly payments.
Subtotal	19,375	26,875		
Less: current portion	(7,500)	-		
Total	$11,875	$26,875		

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

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

(h) Chunghwa Electronics Investment Co., Ltd.

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Secured long-term loan from King's Town Bank.	$-	$201,000	2.52~2.66	Effective from September 2015 to September 2017. Principal is repaid in 24-monthly payments with interest payments due monthly.
Secured long-term loan from King's Town Bank.	222,000	-	2.52	Effective from September 2017 to September 2019. Principal is repaid in 24-monthly payments with interest payments due monthly.
Subtotal	222,000	201,000		
Less: current portion	(12,000)	(201,000)		
Total	$210,000	$-		

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.)

(i) Shan-Chih Asset Development Co.

Lenders	As of December 31, 2017	As of December 31, 2016	Interest rate (%)(Note)	Maturity date and terms of repayment
Unsecured Long-Term loans from Bank of Taiwan	$-	$50,000	2.03	Effective from June 30, 2016 to June 30, 2019. The principal will be repaid upon maturity. Interest payments due monthly.
Secured Long-Term loans from Bank of Taiwan	-	750,000	2.15	Effective from May 13, 2016 to May 13, 2023. The principal will be repaid upon maturity. Interest payments due monthly.
Secured Syndicated loans from Bank of Taiwan	210,000	210,000	2.39	Effective from April 2, 2016 to April 1, 2020. The principal will be repaid upon maturity. Interest payments due monthly.
Subtotal	210,000	1,010,000		
Less: current portion	-	-		
Total	$210,000	$1,010,000		

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.)

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

(j) Sheng Yang Energy Co., Ltd.

	As of December 31,		Interest rate	
Lenders	2017	2016	(%)(Note)	Maturity date and terms of repayment
Secured Long-Term loans from Bank of Taiwan	$9,927	$-	2.90	Effective from November 13, 2017 to August 15, 2022. Principal and interest are repaid in monthly payments.
Subtotal	9,927	-		
Less: current portion	-	-		
Total	$9,927	$-		

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.)

(23) 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, 2017 and 2016 were NTD454,745 thousand and NTD477,239 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries 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.

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

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 NTD373,168 thousand to its defined benefit plan during the 12 months beginning after December 31, 2017.

As of December 31, 2017 and 2016, the durations of the defined benefits plan obligation of the subsidiaries under the Group were different. The latest years of maturity are 2025 and 2033, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2017 and 2016:

	For the years ended December 31,	
	2017	2016
Current period service costs	$74,112	$65,457
Interest income or expense	59,555	40,071
Past service cost	90	90
Expected return on plan assets	(8,639)	(278)
Total	$125,118	$105,340

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

	As of		
	2017.12.31	2016.12.31	2016.1.1
Present value of the defined benefit obligation	$4,469,098	$4,934,645	$5,770,021
Plan assets at fair value	(2,022,716)	(1,301,968)	(620,131)
Liabilities reclassified as held-for-sale non-current asset	-	(44,030)	-
Subtotal	2,446,382	3,588,647	5,149,890
Other	2,622	46,943	36,212
Other non-current liabilities - net defined benefit liabilities(assets)	$2,449,004	$3,635,590	$5,186,102

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

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, 2016	$5,770,021	$(620,131)	$5,149,890
Current period service costs	65,457	-	65,457
Net interest expense (income)	46,159	(6,276)	39,883
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	5,881,637	(626,407)	5,255,230
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	52,687	-	52,687
Actuarial gains and losses arising from changes in financial assumptions	274,675	-	274,675
Experience adjustments	(661,090)	-	(661,090)
Return on plan assets	-	5,256	5,256
Subtotal	(333,728)	5,256	(328,472)
Payments from the plan	(368,764)	368,764	-
Benefits paid	(181,742)	-	(181,742)
Reclassification to liabilities directly related to held-for-sale non-current assets	(106,788)	62,758	(44,030)
Contributions by employer	-	(1,112,339)	(1,112,339)
As of December 31, 2016	4,890,615	(1,301,968)	3,588,647
Current period service costs	74,112	-	74,112
Net interest expense (income)	57,679	(20,596)	37,083
Past service cost and gains and losses arising from settlements	13,923	-	13,923
Subtotal	5,036,329	(1,322,564)	3,713,765
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	10,108	-	10,108
Actuarial gains and losses arising from changes in financial assumptions	(23,204)	-	(23,204)
Experience adjustments	(34,028)	-	(34,028)
Return on plan assets	-	6,843	6,843
Subtotal	(47,124)	6,843	(40,281)
Payments from the plan	(360,836)	360,836	-
Benefits paid	(159,271)	-	(159,271)
Contributions by employer	-	(1,067,831)	(1,067,831)
As of December 31, 2017	$4,469,098	$(2,022,716)	$2,446,382

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

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

	As of December 31,	
	2017	2016
Discount rate	1.07%~1.39%	1.13%~1.25%
Expected rate of salary increases	1.00%~2.25%	1.00%~2.25%

A sensitivity analysis for significant assumption as at December 31, 2017 and 2016 is, as shown below:

	Effect on the defined benefit obligation			
	2017		2016	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$150,098	$-	$149,068
Discount rate decrease by 0.5%	156,654	-	154,819	-

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.

(24) Provisions

	Maintenance warranties	Reserve for lawsuit	Decommissioning reserve	Total
As of January 1, 2017	$116,817	$228,865	$77,541	$423,223
Arising during the period	53,059	534,218	1,419	588,696
Utilized during the period	(30,899)	(159,756)	-	(190,655)
Unused provision reversed	(7,381)	(342,403)	-	(349,784)
Effect of exchange rate changes	(26)	(18,380)	-	(18,406)
As of December 31, 2017	$131,570	$242,544	$78,960	$453,074
Current-December 31, 2017	$131,570	$-	$-	$131,570
Non-current-December 31, 2017	-	242,544	78,960	321,504
As of December 31, 2017	$131,570	$242,544	$78,960	$453,074
Current-December 31, 2016	$116,817	$-	$-	$116,817
Non-current-December 31, 2016	-	228,865	77,541	306,406
As of December 31, 2016	$116,817	$228,865	$77,541	$423,223

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

Maintenance 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.

(25) Equities

(a) Common stock

As of December 31, 2017 and 2016, 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, 2017 and 2016, 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,	
	2017	2016
Actual addition or disposal of shares of subsidiaries	$488,558	$-
Share of changes in net assets of subsidiaries, associates and joint ventures accounted for using the equity method	2,679,812	2,759,706
Other	105,135	105,135
Total	$3,273,505	$2,864,841

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

As of December 31, 2017 and 2016 the Company's subsidiaries, CPT and its subsidiaries, and Chunghwa Electronics Investment Co., held 70,598 thousand shares and 334 thousand shares of the Company's stock. The stocks mentioned above were held for financing purpose before the amendments of the Company Act on November 12, 2001. In addition, FD, a subsidiary of the Company, purchased shares of the Company in 2016 and sold portion of them in 2017. FD held 33,166 thousand shares and 36,236 thousand shares of the Company's stock as of December 31, 2017 and 2016. Because the holding percentage of Chunghwa Picture Tubes, Ltd. increased, the recognized treasury stock increased to NTD1,629,899 thousand as of December 31, 2017.

(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.

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

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

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

As of January 1, 2014, special reserve set aside for the first-time adoption of T-IFRS amounted to NTD15,894,690 thousand. In the shareholders' meeting last year, the Company resolved to make up for its losses by special reserve of NTD11,195,032 thousand and to recover the special reserve amounted to NTD124,233 thousand. Unrecovered special reserve amounted to NTD11,070,799 thousand. Also, after the Company disposed of related assets and reversed special reserves of NTD70,865 thousand to retained earnings, special reserve set aside for the first-time adoption of T-IFRS amounted to NTD4,753,026 thousand as of December 31, 2017.

Details of the 2017 deficits compensation as approved by the boards' meeting on March 15, 2018, and details of the 2016 deficits compensation as approved by the shareholders' meeting on May 11, 2017 are as follows:

	Deficits compensation	
	2017	2016
Special reserve	$281,015	$2,175,074

Please refer to Note 6(29) for more details about provision for employees' bonuses and compensation for directors and supervisors.

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

(e) Non-controlling interests:

	For the years ended December 31, 2017	2016
Balance as of January 1	$56,243,021	$18,312,703
Income (loss) attributable to non-controlling interests	2,045,184	(1,195,957)
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Actuarial gain (loss) from defined benefit plans	31,293	132,710
Exchange differences resulting from translating the financial statements of a foreign operation	(1,144,877)	(2,930,230)
Unrealized gains (losses) from available-for-sale financial assets	(34,461)	(913,392)
Other comprehensive income from investment of associates and joint ventures under equity method	-	30,479
Other comprehensive income directly related to non-current assets held for sale	29,380	-
That subsidiaries purchased (disposed) shares of parent company deemed as treasury stock transaction	(21,183)	249,995
Disposal of subsidiaries (losing control)	(3,737,382)	-
Actual acquisition or disposal of the shares of the subsidiaries	3,725,376	(1,925,872)
Subsidiaries equity change	62,368	44,662,948
Cash dividends distributed by the subsidiaries	(1,472,133)	(180,363)
Balance as of December 31	$55,726,586	$56,243,021

(26) Operating revenue

	For the years ended December 31, 2017	2016
Sale of goods	$72,232,108	$73,947,703
Less: sales returns, discounts and allowances	(1,128,549)	(1,209,299)
Subtotal	71,103,559	72,738,404
Revenue from sale of properties (included lands and buildings)	50,688	23,127
Revenue arising from rendering of services and construction contract	1,970,273	3,068,862
Other operating revenues	2,428,489	1,847,232
Total	$75,553,009	$77,677,625

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

(27) Net other income (expenses)

	For the years ended December 31,	
	2017	2016
Government grants	$2,164,430	$-

The government grants were mainly from the Putian City People's Government's high-end, new technology panel project grant acquired by Vibrant Display Technology CO., Ltd., the subsidiary of CPT, amounting to RMB440,000 thousand.

(28) Operating leases

Operating lease commitments – the Group as lessee

The Group entered into commercial property leases. 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, 2017 and December 31, 2016 are as follows:

	As of December 31,	
	2017	2016
Not later than one year	$526,774	$642,114
Later than one year and not later than five years	853,520	1,323,968
Later than five years	221,291	157,983
Total	$1,601,585	$2,124,065

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2017	2016
Minimum lease payments	$489,803	$514,264

Operating lease commitments – the Group as lessor

The Group 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.

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

Future minimum rentals receivable under non-cancellable operating leases as of December 31, 2017 and December 31, 2016 are as follows:

	As of December 31,	
	2017	2016
Not later than one year	$459,008	$343,721
Later than one year and not later than five years	1,025,507	769,424
Later than five years	481,548	382,218
Total	$1,966,063	$1,495,363

There was no contingent rent recognized as income for the years ended December 31, 2017 and December 31, 2016, respectively.

(29) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2017 and 2016:

By Function / By Nature	For the years ended December 31,					
	2017			2016		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$5,957,577	$4,951,463	$10,909,040	$6,004,455	$4,989,645	$10,994,100
Labor and health insurance	474,196	406,215	880,411	500,226	409,308	909,534
Pension	311,171	268,692	579,863	298,691	283,888	582,579
Other employee benefits expense	251,154	212,018	463,172	239,605	273,576	513,181
Depreciation	6,640,542	1,300,769	7,941,311	7,243,536	1,115,740	8,359,276
Amortization	9,364	282,103	291,467	38,139	382,359	420,498

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 2017. However, there is still accumulated deficits that need to be covered, hence, the Company did not estimate employees' compensation and remuneration to directors and supervisors.

The Company suffered net loss in 2016 and thus did not estimate employees' compensation and remuneration to directors and supervisors.

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

(30) Non-operating income and expenses

(a) Other income

	For the years ended December 31, 2017	For the years ended December 31, 2016
Dividend income	$83,931	$52,487
Interest income	1,044,507	955,510
Others	969,846	1,978,623
Total	$2,098,284	$2,986,620

(b) Other gains and losses

	For the years ended December 31, 2017	For the years ended December 31, 2016
Gains on disposal of property, plant and equipment	$1,805,264	$420,498
Gains (losses) from disposal of held-for-sale non-current assets	2,323,058	(4,082)
Gains (losses) on disposal of investments	(19,963)	2,482,191
Foreign exchange gains, net	1,522,843	946,326
Gains (losses) on financial assets / financial liabilities at fair value through profit or loss	26,616	151,313
Impairment losses from financial assets	(14,708)	(50,362)
Impairment losses from non-financial assets－held-for-sale non-current assets	(254,061)	-
Impairment losses from non-financial assets－others	(826,596)	(742,690)
Others	(1,541,105)	(1,042,726)
Total	$3,021,348	$2,160,468

(c) Finance costs

	For the years ended December 31, 2017	For the years ended December 31, 2016
Interest on borrowings from bank	$3,543,798	$4,203,495
Interest on bonds payable	-	9,215
Others	82,254	81,259
Total finance costs	$3,626,052	$4,293,969

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

(31) Components of other comprehensive income

For the year ended December 31, 2017:

	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	$39,151	$-	$39,151	$687	$39,838
Equity related to non-current assets held-for-sale	-	-	-	-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,042)	-	(1,042)	-	(1,042)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(1,422,254)	(103,788)	(1,526,042)	70,620	(1,455,422)
Unrealized gains (losses) from available-for-sale financial assets	338,700	1,421	340,121	(97,954)	242,167
Equity related to non-current assets held-for-sale	(128,098)	184,176	56,078	-	56,078
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(162,590)	38,848	(123,742)	-	(123,742)
Total of other comprehensive income	$(1,336,133)	$120,657	$(1,215,476)	$(26,647)	$(1,242,123)

For the year ended December 31, 2016:

	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	$338,426	$-	$338,426	$(10,341)	$328,085
Equity related to non-current assets held-for-sale	(4,110)	-	(4,110)	-	(4,110)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	466	-	466	-	466
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(3,559,383)	-	(3,559,383)	257,739	(3,301,644)
Unrealized gains (losses) from available-for-sale financial assets	1,643,408	(2,555,931)	(912,523)	128,762	(783,761)
Equity related to non-current assets held-for-sale	(215,067)	-	(215,067)	-	(215,067)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(125,581)	-	(125,581)	-	(125,581)
Total of other comprehensive income	$(1,921,841)	$(2,555,931)	$(4,477,772)	$376,160	$(4,101,612)

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

(32) Income tax

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, 2017	2016
Current income tax expense :		
Current income tax charge	$1,623,696	$1,470,686
Adjustments in respect of current income tax of prior periods	44,202	(22,719)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(404,793)	176,912
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(304,316)	(221,858)
Deferred tax liability write-off	(298,515)	(103,254)
Total income tax expense	$660,274	$1,299,767

Income tax relating to components of other comprehensive income

	For the years ended December 31, 2017	2016
Deferred tax expense (income):		
Exchange differences resulting from translating the financial statements of a foreign operation	$(70,620)	$(257,739)
Unrealized gains (losses) from available-for-sale financial assets	97,954	(128,762)
Actuarial (gains) losses on defined benefits plan	(687)	10,341
Income tax relating to components of other comprehensive income	$26,647	$(376,160)

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

	For the years ended December 31, 2017	2016
Accounting income (loss) before tax from continuing operations	$2,710,030	$(2,206,487)
Tax at the domestic rates applicable to profits in the country concerned	$746,213	$(532,449)
Tax effect of losses (revenues) exempt from taxation	(434,457)	124,941
Tax effect of expenses not deductible for tax purposes	(177,185)	231,323
Tax effect of deferred tax assets/liabilities	194,672	1,346,646
Adjustments in respect of current income tax of prior periods	44,202	(22,719)
Others	286,829	152,025
Total income tax expense recognized in profit or loss	$660,274	$1,299,767

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

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2017:

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Deferred tax assets					
Revaluations of available-for-sale investments to fair value	$442,300	$-	$(97,954)	$-	$344,346
Impairment on property, plant and equipment	-	61,108	-	635	61,743
Loss from investments accounted for using the equity method	424,462	37,991	-	-	462,453
Unrealized intragroup profits and losses	13,123	(2,873)	-	-	10,250
Provisions	43,631	(40,857)	-	-	2,774
Accrued pension liabilities	34,722	(2,482)	-	-	32,240
Allowance for doubtful accounts	176,414	(16,451)	-	(50)	159,913
Unrealized loss on market decline of inventories	116,667	97,343	-	(517)	213,493
Employee benefits	4,081	(428)	-	-	3,653
Impairment on prepayments	14,034	-	-	-	14,034
Other	37,482	7,157	-	(1,023)	43,616
Unused tax losses	1,313,581	343,188	-	(12,159)	1,644,610
Subtotal	2,620,497	483,696	(97,954)	(13,114)	2,993,125
Deferred tax liabilities					
Profit from investments accounted for using the equity method	(622,091)	142,741	-	-	(479,350)
Unrealized gain on foreign exchange	(227,489)	(38,945)	-	-	(266,434)
Exchange differences resulting from translating the financial statements of a foreign operation	(308,893)	1,956	70,620	-	(236,317)
Reserve for land revaluation	(5,317,655)	432,799	-	-	(4,884,856)
Other	(57,869)	(14,623)	687	-	(71,805)
Subtotal	(6,533,997)	523,928	71,307	-	(5,938,762)
Deferred tax (expense)/income		$1,007,624	$(26,647)	$(13,114)	
Net deferred tax assets/(liabilities)	$(3,913,500)				$(2,945,637)
Reflected in balance sheet as follows:					
Deferred tax assets	$2,620,497				$2,993,125
Deferred tax liabilities	$(6,533,997)				$(5,938,762)

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

For the year ended December 31, 2016

	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Exchange differences	Reclassified to held-for-sale	Ending balance
Temporary differences						
Deferred tax assets						
Revaluations of available-for-sale investments to fair value	$313,538	$-	$128,762	$-	$-	$442,300
Impairment on property, plant and equipment	31,065	(31,065)	-	-	-	-
Gain on disposal of property, plant and equipment	57,774	(57,774)	-	-	-	-
Loss from investment accounted for using the equity method	431,431	(6,969)	-	-	-	424,462
Unrealized intragroup profits and losses	11,844	1,883	-	-	(604)	13,123
Provisions	76,074	(32,443)	-	-	-	43,631
Accrued pension liabilities	38,905	(5,919)	1,736	-	-	34,722
Allowance for doubtful accounts	165,678	14,854	-	(4,118)	-	176,414
Unrealized loss on market decline of inventories	83,503	64,876	-	(5,915)	(25,797)	116,667
Employee benefits	4,374	(293)	-	-	-	4,081
Impairment on prepayments	14,034	-	-	-	-	14,034
Impairment on non-current assets held for sale	1,861	(1,861)	-	-	-	-
Other	364,005	(306,916)	-	(15,986)	(3,621)	37,482
Unused tax losses	1,147,511	221,858	-	(55,788)	-	1,313,581
Subtotal	2,741,597	(139,769)	130,498	(81,807)	(30,022)	2,620,497
Deferred tax liabilities						
Profit from investments accounted for using the equity method	(869,290)	247,199	-	-	-	(622,091)
Unrealized gain (loss) on foreign exchange	(32,243)	(199,793)	-	-	4,547	(227,489)
Exchange differences resulting from translating the financial statements of a foreign operation	(565,254)	(1,377)	257,738	-	-	(308,893)
Reserve for land revaluation	(5,420,909)	103,254	-	-	-	(5,317,655)
Other	(184,479)	138,686	(12,076)	-	-	(57,869)
Subtotal	(7,072,175)	287,969	245,662	-	4,547	(6,533,997)
Deferred tax (expense)/income		$148,200	$376,160	$(81,807)	$(25,475)	
Net deferred tax assets/(liabilities)	$(4,330,578)					$(3,913,500)
Reflected in balance sheet as follows:						
Deferred tax assets	$2,741,597					$2,620,497
Deferred tax liabilities	$(7,072,175)					$(6,533,997)

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

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, 2017	Unused tax losses as of December 31, 2016	Expiration year
2017	$3,137,700	$2,785,651	$-	2027
2016	5,917,409	5,285,940	4,173,436	2026
2015	12,355,379	11,928,579	12,904,939	2025
2014	7,714,504	7,396,070	7,152,419	2024
2013	5,411,529	5,282,382	4,971,561	2023
2012	15,113,657	14,864,689	14,474,170	2022
2011	12,325,961	12,321,405	12,240,074	2021
2010	18,462,158	18,202,239	18,202,239	2020
2009	33,440,354	33,162,461	33,078,275	2019
2008	4,388,320	2,406,352	4,446,296	2018
	$118,266,971	$113,635,768	$111,643,409	

Details of the Group’s unused tax credit are as follows:

Laws and regulations	Items	Unused balance as of December 31, 2017	Unused balance as of December 31, 2016	Expiration year
Abolishment of the Act for Upgrading Industries	Emerging, important and strategic industries	$-	$9,449	2016

Unrecognized deferred tax assets

As of December 31, 2017 and December 31, 2016, the Group’s unrecognized deferred tax assets amounted to NTD21,153,786 thousand and NTD22,607,173 thousand, respectively.

Imputation credit information

	As of December 31, 2017	As of December 31, 2016
Balances of imputation credit amounts	$- (Note 1)	$1,457,642 (Note 2)

The actual creditable ratio for 2017 and 2016 both were 0%.

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

The Company's earnings generated in the year ended December 31, 1997 and prior years have been fully appropriated.

(Note 1): The amendments to the Income Tax Act with retrospective effect from January 1, 2018 were passed by the Legislative Yuan on January 18, 2018, and announced by the President on February 7, 2018, respectively. According to the amendments, the imputation tax scheme under the integrated income tax system is repealed.

(Note 2): According to the Article 66-6 of Income Tax Act, the imputation credit ratio for the earnings of 2016 distributed to individual stockholders residing in R.O.C. would be half of the original ratio.

The assessment of income tax returns

As of December 31, 2017, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns by tax authorities
The Company	Assessed and approved up to 2014
Subsidiary-SCAD	Assessed and approved up to 2014
Subsidiary-CPT	Assessed and approved up to 2015
Subsidiary-SCSC	Assessed and approved up to 2015
Subsidiary-FD	Assessed and approved up to 2015
Subsidiary-TSTI	Assessed and approved up to 2015
Subsidiary-TFC	Assessed and approved up to 2015

(33) 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	
	2017	2016
Basic and diluted earnings (loss) per share:		
Income (loss) attributable to ordinary equity holders of the Company (in thousands of NTD)	$74,070	$(2,343,945)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share (in thousands)	2,233,870	2,259,391
Basic and diluted income (loss) per share (in dollars of NTD)	$0.03	$(1.03)

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.

(34) Changes in parent’s interest in subsidiaries

Acquisition of new shares in a subsidiary not in proportion to ownership interest

Kornerstone Materials, a subsidiary of CPT, held a capital injection amounting to RMB1,400,000 thousand in the first quarter to the third quarter in 2016. However, CPTF Optronics Co., Ltd, a subsidiary of CPT, failed to acquire new shares proportionately to their ownership interests, which resulted in changes in ownership interest of CPTF Optronics Co., Ltd and CPTTG in its subsidiaries amounting to NTD(60,614) thousand. The change was recognized as a deduction of capital reserve and retained earnings amounting to NTD18,936 thousand and NTD41,678 thousand, respectively, in each company.

CPTTG, a subsidiary of CPT, held a capital injection in the third quarter of 2016 in the amount of RMB10,000,000 thousand. The CPT group did not acquire new shares proportionately to its ownership interests, which resulted in changes in ownership interest of subsidiaries amounting to NTD9,052,994 thousand, and was recognized as an addition of capital reserve under CPT.

CPTTG, a subsidiary of CPT, held a capital injection in the first quarter to the third quarter of 2016 in the amount of RMB80,000 thousand for Kornerstone Materials, subsidiary of CPT. However, CPTF Optronics Co., Ltd, a subsidiary of CPT did not acquire new shares proportionately to its ownership interests, which resulted in changes in ownership interest of subsidiaries amounting to NTD(1,172) thousand, and was recognized as an decrease of capital reserve.

Disposal of shares issued by subsidiaries

CPTL, a subsidiary of CPT, sold shares of CPTTG in March 2017 in a total of 30,040,422 shares, which represents a 1.74% of total shares. After deduction of related transaction fee, the net proceeds were NTD1,337,047 thousand. The carrying value of the shares of CPTTG sold was NTD979,795 thousand. The difference between the actual disposal proceeds and the carrying value, amounting to NTD357,252 thousand, had been recognized under equity in proportion to the holding percentage.

CPTB, a subsidiary of CPT, sold shares of CPTTG in February 2017 in a total of 39,959,500 shares, which represents a 2.31% of total shares. After deduction of related transaction fee, the net proceeds were NTD1,857,424 thousand. The carrying value of the shares of CPTTG sold was NTD1,354,897 thousand. The difference between the actual disposal proceeds and the carrying value, amounting to NTD502,527 thousand, had been recognized under equity in proportion to the holding percentage.

Acquisition of shares issued by subsidiaries

CPTB and CPTL, subsidiaries of CPT, transferred their shares of CPTW to CPTTG(L) in the first quarter of 2016. CPTB and CPTL recognized changes in ownership in subsidiaries amounting to NTD73,999 thousand in their related equity accounts.

CPT transferred its 41.03% shares in CPTL to the Company in the second quarter of 2016. The shareholding percentage of CPT towards CPTL decreased from 100% to 58.97%. The payment CPT received amounted to NTD968,560 thousand. The book value of net asset of investment in CPTL under the equity method amounted to NTD500,711 thousand. The accumulated other comprehensive income adjustment was NTD141,747 thousand. Therefore, the difference between the actual acquisition or disposal price and the book value, amounting to NTD609,596 thousand, was recognized under the equity accounts in CPT's book.

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

(35) Disposal of subsidiaries

On November 24, 2016, the board of directors of CPT, a subsidiary of the Group, has resolved to sell all of its shares held in Giantplus to Ortus Technology Co., Ltd, a Japanese corporation. Giantplus and its subsidiary were reclassified as disposal group held for sale in 2016, and were reported separately in the consolidated balance sheets. The transfer was completed on March 30, 2017. The Group lost control of Giantplus and no longer included it in the consolidated financial statements.

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

(a) Consideration of disposal

The consideration collected was cash and cash equivalents. The Gorup disposed of Giantplus in the amount of NTD3,926,787 thousand. After deduction of related transactoin fee, the net proceeds were NTD3,913,353 thousand.

(b) Analysis of assets and liabilities of Giantplus as of the date losing control

	As of March 31, 2017
Current assets (including cash and cash equivalents NTD4,164,670 thousand)	$7,301,594
Non-current asset	6,106,436
Total assets	13,408,030
Current liabilities	(4,529,038)
Non-current liabilities	(812,120)
Total liabilities	(5,341,158)
Net assets of Giantplus	8,066,872
Carrying value of non-controlling interest	(3,737,382)
Net disposal assets	$4,329,490

(c) Loss on disposal of subsidiary

Consideration collected	$3,913,353
Net disposal assets	(4,329,490)
Accumulated exchange difference of the subsidiary's net assets arisen from reclassification from equity to profits and loss because of losing control of the subsidiary	(80,388)
Loss on disposal of subsidiary	$(496,525)

(d) Cash outflow of disposal of subsidiary

Consideration collected	$3,913,353
Balance of cash and cash equivalents of disposal	(4,164,670)
	$(251,317)

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

(36) Subsidiaries that have material non-controlling interests

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

Proportion of equity interest held by non-controlling interests:

		For the years ended December 31,	
Name	Country of Incorporation and operation	2017	2016
CPT Group	Taiwan	59.78%	59.84% (Note)
SCSC Group	Taiwan	41.80%	41.82%

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.

(Note: Please refer to Note 9 (5) for more details about the change of non-controlling equity interest in connection with Compal Electronics, Inc. arbitration appeal)

Accumulated balances of material non-controlling interest:

	As of December 31,	
	2017	2016
CPT Group	$50,951,213	$51,500,482
SCSC Group	4,758,265	4,961,450

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

	For the years ended December 31,	
	2017	2016
CPT Group	$2,365,806	$(162,370)
SCSC Group	(586,872)	(1,002,697)

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

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

Summarized information of profit or loss for the year ended December 31, 2017:

	CPT Group	SCSC Group
Operating revenue	$34,739,820	$12,144,456
Profit of (loss) for the period from continuing operations	3,498,628	(766,878)
Total comprehensive income for the period	$3,017,016	$(605,528)

Summarized information of profit or loss for the year ended December 31, 2016:

	CPT Group	SCSC Group
Operating revenue	$33,069,645	$15,637,691
Profit or (loss) for the period from continuing operations	(861,520)	(1,400,665)
Total comprehensive income for the period	$(4,106,299)	$(1,528,086)

Summarized information of financial position as of December 31, 2017:

	CPT Group	SCSC Group
Current assets	$52,507,127	$4,693,732
Non-current assets	81,777,539	11,452,248
Current liabilities	59,600,465	9,321,629
Non-current liabilities	17,753,803	792,942

Summarized information of financial position as of December 31, 2016:

	CPT Group	SCSC Group
Current assets	$92,655,354	$4,796,509
Non-current assets	48,786,306	12,897,266
Current liabilities	72,197,190	9,642,466
Non-current liabilities	13,093,841	1,715,387

Summarized cash flow information for the year ended December 31, 2017:

	CPT Group	SCSC Group
Operating activities	$9,185,655	$1,591,088
Investing activities	(18,340,283)	(387,502)
Financing activities	(4,344,120)	(1,037,168)
Net increase/(decrease) in cash and cash equivalents	(14,942,447)	181,579

Summarized cash flow information for the year ended December 31, 2016:

	CPT Group	SCSC Group
Operating activities	$2,050,874	$1,689,759
Investing activities	(31,384,645)	(234,393)
Financing activities	50,894,600	(2,688,026)
Net increase/(decrease) in cash and cash equivalents	20,860,581	(1,311,127)

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

(37) Significant purchase agreements of technology and materials

Contracting party	The term of the contract	The content of repayment
Technology agreement		
Samsung Display Co., Ltd. (SDC)	January 2014 | December 2023	1. CPT is 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. CPT is authorized to use patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Sharp Corporation	January 2016 | June 2019	1. CPT is authorized to use patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Japan Display Inc.	January 2017 | December 2021	1. CPT is 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. CPT is authorized to use patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Semiconductor Energy Laboratory Co., Ltd (SEL)	January 2009 | December 2018	1. CPT is 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. CPT is 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. CPT is authorized to use the patent. 2. The Company is required to pay royalty fees on installment basis during the effective period of the contract.
Purchase agreement of materials		
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. CPT is 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.

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

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
Taiwan Nissei Display System Co., Ltd	Associates
Tatung Cranes (Shanghai) Co., Ltd	Associates
Kunde (wujiang) Plastic Technology Co., Ltd.	Associates
Kuender Co., Ltd.	Associates
Kuender (Wujiang) Eelectronic 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
The Employee Welfare Committee of Tatung System Technologies Inc. ("TSTI")	Other related party
Association of GET (Taoyuan)	Other related party
Affiliate Union of Tatung Company	Other related party
The Employee Welfare Committee of Forward Electronics Co., Ltd. ("FD")	Other related party
Gintech Energy Corporation	Other related party
The Employee Welfare Committee of Tatung Company	Other related party
The United Employees' Welfare Committee of Tatung	Other related party
The Employee Welfare Committee of GET	Other related party

(Note: 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.)

Significant related party transactions

(1) Sales (including leasing revenue)

	For the years ended December 31, 2017	2016
Entity with joint control or significant influence over the Company		
Tatung University	$35,795	$48,009
Other	5,805	4,131
Associates	80,009	78,623
Other related parties		
Gintech Energy Corporation	402,212	322,837
Other	18,209	2,256
Total	$542,030	$455,856

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

(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:

		For the years ended December 31,			
		2017		2016	
Company	Region	Related parties	General supplier	Related parties	General supplier
CPT and its subsidiaries	Overseas	O/A 30-180 days	T/T in advance L/C 30-45 days at sight O/A 95 days	O/A 30-90 days	T/T in advance O/A 95 days
	Domestic	O/A 30-33 days	T/T in advance O/A 30-45 days	O/A 30-90 days	T/T in advance O/A 45 days L/C 30-60 days at sight
SCSC and its sub-subsidiaries	Overseas	O/A 60-150 days T/T 30 days	T/T 7~30 days O/A 30-90 days T/T in advance, L/C at sight	O/A 30-120 days T/T 30 days	T/T in advance T/T 3~30 days L/C 60 days O/A 45-120 days
	Domestic	O/A 60 days T/T 90 days L/C 180 days	O/A 30-90 days Period closing date 30~90 days L/C at sight T/T 15 days after receipt T/T 3~90 days L/C 30~180 days T/T in advance	T/T 15~90 days L/C 180 days O/A 60-90 days	T/T in advance T/T 30~90 days L/C at sight L/C 30~90 days AMS 30-90 days
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 O/A or TT 30-150 days	O/A 30-120 days	Cash collection at period closing date O/A or TT 30-150 days	O/A 30-120 days
Tatung System Technologies Inc. and its subsidiaries	Overseas	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days
	Domestic	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days	O/A 30-120 days

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

(2) Purchase

	For the years ended December 31, 2017	2016
Associates		
Elitegroup Computer Systems Co., Ltd.	$48,849	$5,620
Kuender Co., Ltd.	-	3,502
Kunde (wujiang) Plastic Technology Co., Ltd.	6	3,318
Other	258	1,090
Other related parties		
Gintech Energy Corporation	-	3,011
Total	$49,113	$16,541

(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:

		For the years ended December 31,			
		2017		2016	
Company	Region	Related parties	General supplier	Related parties	General supplier
CPT and its subsidiaries	Overseas	T/T 30-360 days	L/C 30-180 days T/T 30-360 days	T/T 30-360 days	L/C 30-180 days T/T 30-360 days
	Domestic	30-90 days after QC	30-210 days after QC	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 or L/C 30-150 days after QC	T/T 30-150 days after QC or DA 120 days	T/T or L/C 30-150 days after QC
	Domestic Overseas	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	Domestic	30-60 days after QC	30-60 days after QC	30-60 days after QC	30-60 days after QC
	Overseas	O/A 60-90 days	O/A 30-120 days	O/A 60-90 days	O/A 30-120 days

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

(3) Accounts receivable – related parties

	As of December 31,	
	2017	2016
Entity with joint control or significant influence over the Company	$925	$3,086
Associates		
Tatung Okuma Co., Ltd.	19,084	2,448
Elitegroup Computer Systems Co., Ltd.	9,088	1,421
Taiwan Nissei Display System Co., Ltd	3,377	3,186
Other	1,322	1,356
Other related parties		
Gintech Energy Corporation	41,654	12,071
Other	2	1
Total	75,452	23,569
Less: allowance for doubtful accounts	(914)	(914)
Net	$74,538	$22,655

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

	As of December 31,	
	2017	2016
Entity with joint control or significant influence over the Company	$332	$137
Associates		
Nature Worldwide Technology Corp.	4,175	4,175
Tatung Okuma Co., Ltd.	909	1,518
Other	369	415
Total	5,785	6,245
Less: allowance for doubtful accounts	(3,758)	(3,758)
Net	2,027	2,487
Non-current portion	(417)	(417)
Current portion	$1,610	$2,070

(5) Notes payable

	As of December 31,	
	2017	2016
Other related party		
Gintech Energy Corporation	$-	$4,098

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

(6) Accounts payable – related parties

	As of December 31, 2017	As of December 31, 2016
Entity with joint control or significant influence over the Company	$1	$6
Associates		
Kuender (Wujiang) Eelectronic parts Co., Ltd.	5,387	5,615
Kunde (wujiang) Plastic Technology Co., Ltd.	2,819	5,126
Elitegroup Computer Systems Co., Ltd.	28,783	111
Other (including impact of change of exchange rate)	875	1,350
Other related party	32	35
Total	$37,897	$12,243

(7) Other payable

	As of December 31, 2017	As of December 31, 2016
Financing payable (detail list as below)		
PanShiYiYuan Mgmt. Investment (Fuzhou) Co.	$-	$464,433
Entity with joint control or significant influence over the Company	102	527
Associates		
Hsieh-Chih Industrial Library Publishing Co.	1,446	1,079
Kunde (wujiang) Plastic Technology Co., Ltd.	921	950
Other	393	988
Other related parties		
The Employee Welfare Committee of Tatung Company	517	531
Other	512	4,414
Total	$3,891	$472,922

Related Party	2017.1.1~12.31 Maximum Balance	Maximum Balance Date	2017.12.31	Interest Rate	Interest Expense
Related party of the Group	$440,274	2017.2.13	$-	5.5%	$3,027

Related Party	2016.1.1~12.31 Maximum Balance	Maximum Balance Date	2016.12.31	Interest Rate	Interest Expense
Related party of the Group	$464,433	2016.12.31	$464,433	5.5%	$27,024

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

(8) Plants and Office leased – related parties

	For the years ended December 31,	
	2017	2016
Entity with joint control or significant influence over the Company		
Tatung university	$29,541	$42,669
Other	3,555	2,488
Associates		
Tatung Okuma Co., Ltd.	10,371	10,373
Other	1,160	1,161
Other related		
Gintech Energy Corporation	6	9,030
Other	444	445
Total	$45,077	$66,166

(9) Transaction of property

	For the years ended December 31,	
	2017	2016
Purchase of assets		
Associates		
Tatung Okuma Co., Ltd.	$661	$-
Elitegroup Computer Systems Co., Ltd.	940	1,689
Kuender Co., Ltd.	-	1,650
Total	$1,601	$3,339

(10) Compensation of key management personnel

	For the years ended December 31,	
	2017	2016
Short-term employee benefits	$213,194	$155,887
Post-employment benefits	2,018	2,177
Total	$215,212	$158,064

(11) The former Chairman of Tatung Company, Wei-Shan Lin, guaranteed part of the bank loans for the Company and its subsidiaries.

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

8. Assets pledged as collateral

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

	Carrying amounts as of December 31,		
	2017	2016	Purpose of the pledge
Land	$10,657,996	$12,145,839	Loans
Buildings	17,097,473	15,870,147	Loans
Lease improvement	957,685	1,065,865	Loans
Machines and other Equipment	4,304,146	5,557,296	Loans
Debt instrument investments for which no active market exists	27,790,802	26,699,028	Various guarantees
Financial assets at fair value through profit or loss shares-capital-guaranteed financial products	318,815	325,429	Performance guarantee
Investments accounted for under the equity method	1,389,500	2,262,000	Loans
Other non-current assets – deposit-out	48,421	48,641	Lawsuit deposits
Rent prepaid (current and non-current)	1,137,497	372,598	Loans
Available-for-sale financial assets - shares	84,166	77,880	Loans, performance guarantee
Accounts receivable	-	5,661	Loans
Inventory	988,553	1,931,799	Loans, lawsuits of constructions
Non-current assets held for sale			
Debt instrument investments for which no active market exists, current	-	33,450	All Margins
Property, plant and equipment-building	-	1,781,296	Loans
Property, plant and equipment-land	-	1,606,878	Loans
Total	$64,775,054	$69,783,807	

In addition to the pledged assets mentioned above, the Company pledged certain stocks of subsidiaries for bank loans and financing loans.

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 USD20,560 thousand and NTD26,216,699 thousand.

(2) The Company and its subsidiaries' unused letters of credit for importing raw materials and machinery amounted to USD29,070 thousand, JPY8,912 thousand, RMB675 thousand, EUR1,669 thousand, SEK42 thousand, CHF59 thousand, and NTD87,449 thousand.

(3) Performance bond issued by financial institutions amounted to USD131 thousand and NTD976,056 thousand.

(4) Collaterals for purchasing materials amounted to NTD120,000 thousand, and collaterals for purchasing property, plant, equipment amounted to NTD76,210 thousand.

(5) As of December 31, 2017, the significant contingencies and unrecognized contract commitments of the Company are as follows:

(a) The Company applied to Mega International Commercial Bank and Bank of Taiwan for credit lines to be issued for Tatung Co., of Japan, Inc. The promissory notes amounted to NTD972,400 thousand and NTD800,000 thousand. The Company applied to Industrial Bank of Taiwan, Fubon Bank and Far Eastern Commercial Bank for credit lines to be issued for CPT. The promissory notes of credit amounted to NTD1,000,000 thousand, NTD500,000 thousand and NTD1,500,000 thousand.

(b) King Pro Group ("King Pro") and Ka Hung Exhibition Co., Ltd. ("Ka Hung") contracted with the Company as subcontractors to construct part of the Talin Power Plant, for which tender the Company contracted with Kai Yuan Construction Co., Ltd. However, King Pro and Ka Hung failed to complete the construction upon deadline and both parties claimed to terminate the contract. King Pro and Ka Hung claimed that the Company had not paid construction examination fees, prepayments and advances and filed an action against the Company to claim payment of NTD23,610 thousand. The next trial date was set on May 8, 2018. In addition, the Company filed for provisional seizure against King Pro and Ka Hung on March 21, 2016 and claimed indemnities resulted from advances and contract termination. The next trial date is April 11, 2018.

(c) The Company engaged in a construction project with Taiwan Railways Administration, MOTC ("Taiwan Railways"). There is still a dispute regarding the overdue fine charged by Taiwan Railways as the Company didn't complete the project on time. The Company had engaged an attorney to file a mediation to the Public Construction Commission.

(d) Yung Loong Engineering Corp. (Yung Loong) was engaged in a construction project, "BI-HAI machinery installing project", with the Company, however, Yung Loong claimed that the Company's power generation set was defective and caused delay in the construction. Therefore, Yung Loong claimed payment of NTD56,997 thousand from the Company. After failing a mediation on July 22, 2014, the action is pending at the court of first instance. Yung Loong requested for an appraisal for the items in dispute on court. The appraisal report was filed on February 21, 2017 and the counterparty filed an application to the court for re-appraisal.

(e) Compal Electronics, Inc. ("Compal") made a public announcement on March 29, 2013 to request the Company to purchase shares of Chunghwa Picture Tubes Ltd. held by Compal and it filed for arbitration to the Arbitration Association of the Republic of China. The Company received the arbitration appeal submitted by Compal from the Association on April 3, 2013. The Company received on May 19, 2014 the arbitration award 102-Chung-Sheng-He-Zi No. 25 Arbitration Judgment, which was issued on May 16, 2014, from the Arbitration Association of the Republic of China. The main context is as follows:

a. The respondent (referring to the Company) shall make a payment to the claimant (“Compal”) for NTD2,118,607 thousand. The first payment of NTD718,607 thousand shall be paid within a month after the arbitration award is delivered to the respondent. The second payment of NTD700,000 thousand shall be paid within four months after the arbitration award is delivered to the respondent. The third payment of NTD700,000 thousand shall be paid within seven months after the arbitration award is delivered to the respondent. In addition, the Company shall pay the interest at an annual rate of 5% from April 3, 2013 to full repayment day.

b. The claimant shall deliver the private placement shares in question for the corresponding payments in 374,274,704 shares, 364,583,334 shares and 364,583,333 shares.

c. Other claims from Compal are dismissed.

d. Two thirds of the arbitration fees shall be borne by the claimant while the rest is borne by the respondent.

Compal was dissatisfied with the outcome of the arbitration award and filed an action to revoke the unfavorable part of the arbitration award. On January 11, 2017, the Supreme Court of the ROC ruled to revoke the appeal of Compal. After this ruling, Compal cannot continue to argue against the arbitration. Both parties settled the shares on February 9, 2017. The representatives of both parties were present to confirm accuracy of the stock transferred and payments and then signed a memorandum.

(f) The Company and Toshiba Electronics Components Taiwan Corporation ("Toshiba") signed a contract regarding "the purchase and the assembly of motor and fan of the Taiwan Railways TILTING train and EMU800 train". The Company completely followed the blueprint of Toshiba, but Toshiba claimed that the products were faulty and claimed damages amounting to NTD58,125 thousand, requiring the Company to pay. The Chinese Arbitration Association, Taipei made a judgement that it wouldn't handle this case because of the jurisdiction. Toshiba also filed an arbitration in Tokyo. The next trial date will be decided after the evidence establishment plan is confirmed on May 21, 2018.

(g) The Company engaged in a smart electrical meter project with Taiwan Power Company, ("Taiwan Power"). The Company delivered the products according to the purchase contracts signed and finished the inspection and acceptance, and payment collection. However, there is still a dispute regarding the warranty coverage of "Meter Interface Unit" of the smart electrical meter.

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

(i) The Company outsourced "Office relocation and expansion of Taiwan Taoyuan District Court and new construction project of Dang Cheng Building" to Da Hong Chung Technical Engineering Co., Ltd ("Da Hong Chung"). The Company deemed that Da Hong Chung did not assign sufficient workers as contracted and hence delayed the construction progress. The Company notified Da Hong Chung to increase manpower for the project. However, Da Hong Chung refused to do so because it claimed that the Company had not paid the additional construction fee. The Company terminated the contract on October 19, 2017 and would claim damages against Da Hong Chung for the delay when the construction is completed. Da Hong Chung filed a legal action to the Taiwan Taipei District Court to claim its construction receivable in February 2018. As of now, Da Hong Chung has not paid the judgement fee, and the trial date hasn't been decided. Therefore, there is no actual legal action at the moment.

(j) 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.

(6) As of December 31, 2017, CPT and its subsidiaries had commitments and contingencies as follows:

Material litigation

Lawsuits related to patent

Eidos Display, LLC and Eidoes III, LLC filed a patent infringement action in the United States District Court of Texas against CPT and three other Taiwanese LCD companies in April 2011. CPT and the plaintiff reached a settlement in July 2017. The United States District Court of Texas closed the legal action in mid-August.

Other litigations

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, TracFone. In addition, CPT also settled the civil class actions filed by state prosecutors in Oklahoma and South Carolina. The Company has engaged professional attorneys to handle other litigations prudently.

In July 2016, ASUS Corporation and AmTran Corporation filed civil actions against CPT and several other panel manufacturers to the Taipei District Court. Afterwards, ASUS Corporation withdrew the action and stated that it would not file any other actions against the same fact in the future to the Taipei District Court. AmTran Corporation also withdrew the action. CPT agreed with the withdrawal and the case was closed in January 2017.

Regarding the antitrust cases under the official investigations in various countries, including those made by the Japanese Fair Trade Commission, Korean Fair Trade Commission (“KFTC”) and European Commission, 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 had finished its investigation in August 2014 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. The Company had retained professional attorneys to handle other litigations prudently.

CPT had received legal action related 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.

(7) As of December 31, 2017, SCSC and its subsidiaries had commitments and contingencies as follows:

(a) 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 December 2013 with the contract term starting from April 1, 2013 to March 31, 2020. Under the contract, Cargill has made commitment to providing certain quantity of silicon raw material to SCSC. during the contract period and at the total contract price of JPY4,268,592 thousand. In addition, SCSC is required to pay a minimum purchase amount of JPY275,724 thousand. As of December 31, 2017, the amount of prepayment was JPY63,396 thousand (or the equivalent of approx. NTD18,290 thousand), which was classified under the prepayments and long-term prepayments.

(b) As of December 31, 2017, 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 standard of SCSC, SCSC did not accept and use the products. SCSC contemplates not to pay any contract price.

(c) Hemlock Semiconductor Corporation, a supplier of silicon raw material, filed an action against GET and Tatung Co. of America Inc. (“TUS”). The plaintiff claimed that in addition to other issues, GET and TUS were liable of breaching the contract. GET and TUS have denied all causes of actions. As of the balance sheet date, the discovery process had been completed. In order for the Group to secure the position in terms of litigation, this disclosure does not completely comply with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets Issued”. GET and TUS have engaged legal counsel for the legal matter.

(d) In March 2016, GET amended the long-term purchase contract for materials with supplier A. The amendment was to extend the original contract term from 2011 to 2017, to the end of 2018. With respect to the insufficient purchase as of January 31, 2016, both parties modified the minimum amount and purchase price each year according to the extended term. GET recognized advance payments that would be deducted in one year as prepayments under current assets, while the remaining amount was recognized as long-term prepaid materials. GET did not meet the minimum purchase amount for the year ended 2017 and as of August 2016. Thus, GET recognized a loss of NTD50,105 thousand and NTD3,681 thousand (recognized under other gain or loss) for the prepaid amount to supplier A.

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(e) On June 26, 2015, GET amended the long-term purchase contract for materials with supplier B. The amendment was to extend the contract term from 2009 to 2016 to a term from July 2015 to 2025. With respect to the insufficient purchase as of June 30, 2015, both parties modified the minimum amount and purchase price each year according to the extended term. In addition, both parties increased the total purchase amount and set amounts that could be deducted from advance payments each year. Thus, GET recognized advance payments that would be deducted in one year as prepayments under current assets, while the remaining amount was recognized as long-term prepaid materials.

As of the balance sheet date, the interest payable notice sent out by supplier B stated an amount of USD9,800 thousand (NTD296,641 thousand). Since GET actively maintains business relations with supplier B, the possibility of paying the interest mentioned above is relatively low, and thus GET did not estimate this particular contingent liability.

(f) As of December 31, 2017, GET and its subsidiaries signed a purchase contract for materials and paid NTD2,273,724 thousand, which were classified under prepayments and long-term prepayments according to the expected time table of payment deduction.

(g) GET, in a move to expand their long-term business, have cooperated with downstream clients in Taiwan through long-term strategic alliance by entering into contracts with them to supply multi-crystalline wafer. A total of USD489 thousand (or the equivalent of NTD16,171 thousand) was accounted for under the advance receipts (current and non-current) resulting from the cooperation as of December 31, 2017.

(h) In order to fund the plant construction in Luzhu, Southern Taiwan Science Park, purchase the equipment in Luzhu plant and improve working capital, GET resolved at its board meeting held on January 25, 2011 to borrow syndicated loans from Bank of Taiwan, Cathay United Bank, Land Bank, Agriculture Bank, Entie Commercial Bank, Industrial Bank of Taiwan and Yuanta Bank. The amount of the 5-year loan was NTD3.2 billion and the loan agreement was signed on February 1, 2011. The line of credit and the purpose of use of every item are listed as follows:

Item	Line of Credit	Purpose
Item A	NTD0.8 billion	to construct the Luzhu plant
Item B	NTD1.7 billion	to construct the Luzhu plant
Item C-1(Note)	USD22 million	to develop foreign credit
Item C -2 (Note)	USD22 million	to improve working capital

Note: The total balance of the credit line drawn from Item C-1 and Item C-2 cannot exceed the principal, NTD0.7 billion or USD22 million (lower of the two).

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As of December 31, 2017, each line of credit had been fully drawn. GET signed an extension contract with the consortium bank on December 28, 2017 to extend the loan for two years starting April 29, 2018. Please refer to Note 6(22) for the payback dates and amounts.

(i) In order to provide financing to purchase equipment and improve working capital, GET resolved at its board meeting on May 19, 2011 to borrow syndicated loans from Fubon Bank, Mega Bank, First Bank, Far Eastern International Bank, Chang Hwa Bank and Taiwan Business Bank. The amount of the 5-year loan was USD70 million and the loan agreement was signed on May 30, 2011. The line of credit and the purpose of use of every item are listed as follows:

Item	Line of Credit	Purpose
Item A	USD56 million	to purchase equipment or improve working capital.
Item B	USD14 million	to purchase equipment or improve working capital.

As of December 31, 2017, each line of credit had been fully drawn. GET signed an extension contract with the consortium bank on December 17, 2017 to extend the loan for two years starting June 17, 2018. Please refer to Note 6(22) for the payback dates and amount.

(j) Securities and Futures Investors Protection Center and some investors filed a damages claim to the Taipei District Court against GET and the management, claiming that the 2011 simplified GET financial forecast was not updated to align with the full forecast. Their claim was based on the first ruling of another Securities Exchange Act criminal case, ruled by the Taipei District Court. GET has appointed attorneys to cooperate with the court and hopes that justice will be served. GET is operating at its normal pace and is not influenced by the suit.

(k) Eversol Corporation filed a damages claim to the Taipei District Court against GET, claiming that GET breached the OEM contract. GET has appointed attorneys to cooperate with the court and hopes that justice will be served. GET is operating at its normal pace and is not influenced by the suit.

10. Significant disaster loss

None.

11. Significant subsequent events

(1) The amendments to the Income Tax Act were passed by the Legislative Yuan on January 18, 2018, and announced by the President in February 2018. According to the amendments, the corporate income tax rate was raised from 17% to 20%. If recalculated with the new tax rates, there might be impact of NTD231,108 thousand and NTD30,383 thousand on the deferred tax assets and deferred tax liabilities as of December 31, 2017, respectively.

(2) The responsible person of the Company has changed from W. S. Lin to Wen-Yen Lin Kuo according to the resolutions of the board of directors on February 1, 2018 and the alternation registration with the Ministry of Economic Affairs was completed on February 8, 2018.

(3) According to the resolutions of the board of directors on February 1, 2018, the Company started a joint venture with financial investors to establish a solar power project development company. The capital was set at NTD4,000,000 thousand.

(4) According to the resolutions of the board of directors on February 1, 2018, the Company agreed to invest in Tainan Qigu Yuguang District Phase 2 solar power plant. The plant will be built by the Company’s fully-owned subsidiary, Tungyang Energy Co., Ltd.

(5) SCAD, a subsidiary of the Company, signed with the Taipei City Government “Taipei Urban Metro Rapid System needed land for development negotiation agreement” and “Transfer of title to land contract” in accordance with the resolutions of the board of directors on March 8, 2018 to apply for the development plan of Wanda Line Phase 1 LG07 station development zone 3. If SCAD does not sign the agreement or obtain the qualification of the best investor, the Taipei City Government will only requisite the land for the metro system and change the use of the remaining land back to industrial usage and return it to SCAD.

(6) CPT signed a syndicated loan contract with a credit line of NTD7,500,000 thousand with syndicated loan banks managed by Bank of Taiwan on January 4, 2018. All the credit line has been drawn on January 15, 2018.

(7) Tatung (Shanghai) Co., Ltd, a subsidiary of the Company, decided to dispose of the plants and underlying land to the local government to cooperate with the local government’s planning to activate assets in accordance with the resolutions of the board meeting d held on January 25, 2018. The negotiated compensation for the relocation was RMB202,599 thousand. After deducting the compensation for the lessee, the net proceeds for Tatung (Shanghai) Co., Ltd was RMB199,964 thousand.

(8) Hongding Resources Technology had filed a legal action in connection with damages against GET to the Intellectual Property Court for patent infringement of Sino-American Silicon Products Inc. GET has appointed attorneys to cooperate with the court and hopes that justice will be served. GET is operating at its normal pace and is not influenced by the action.

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12. Other

(1) Categories of financial instruments

Financial assets

	As of December 31, 2017	As of December 31, 2016
Financial assets at fair value through profit or loss:		
Held for trading (including the non-current)	$646,743	$17,262,633
Available-for-sale financial assets (including Financial assets measured at cost) ($547,362, $437,521) (including non-current)	2,212,053	1,853,553
Held-to-maturity financial assets	-	20,000
Loans and receivables:		
Cash and cash equivalents(without cash on hand)	31,805,637	42,498,847
Debt instrument investments for which no active market exists (including non-current)	29,572,199	26,985,852
Notes receivable (including related parties)	542,911	547,939
Accounts receivable (including related parties) (including the construction receivable)	7,707,897	8,465,211
Other receivables (including related parties) (including non-current)	1,829,287	3,755,123
Other non-current assets－deposits-out	838,331	750,948
Subtotal	72,296,262	83,003,920
Total	$75,155,058	$102,140,106

Financial liabilities

	As of December 31, 2017	As of December 31, 2016
Financial liabilities at amortized cost:		
Short-term loan	$41,552,640	$54,412,093
Short-term notes and bills payable	3,487,053	2,057,903
Payables (including related parties)(including non-current)	27,122,472	24,506,490
Loan (including current portions)	57,359,978	51,311,095
Deposits in	134,268	148,028
Subtotal	129,656,411	132,435,609
Financial liabilities at fair value through profit or loss:		
Designated at fair value through profit or loss at initial recognition	1,358	841
Total	$129,657,769	$132,436,450

(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 take into account the interdependencies between risk variables.

Foreign currency risk

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

The Group'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, 2017 and 2016 will increase (decrease) by NTD269,187 thousand and NTD156,750 thousand, respectively.

(b) When NTD appreciates or depreciates against JPY by 1%, the profit for the years ended December 31, 2017 and 2016 will increase (decrease) by NTD21,510 thousand and NTD24,172 thousand, respectively.

(c) When NTD appreciates or depreciates against RMB by 1%, the profit for the years ended December 31, 2017 and 2016 will increase (decrease) by NTD147,734 thousand and NTD172,250 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 comes from the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings 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, 2017 and 2016 to decrease/increase by NTD71,989 thousand and NTD80,044 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 held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. 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 balance sheet date, a change of 1% in the price of the listed equity securities held for trading would have no impact on the Group's profit for the years ended December 31, 2017 and 2016, respectively.

At the balance sheet date, a decrease of 1% in the price of the listed equity securities classified under available-for-sale could have an impact of NTD14,281 thousand and NTD12,310 thousand on the Company's equity for the years ended December 31, 2017 and 2016, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that 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 accounts receivables and notes receivables) and financing activities, including bank deposits and other financial instruments.

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

As of December 31, 2017 and 2016, top ten customers' receivables represented 24.07% and 26.58% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the 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 and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

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

(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 instruments

	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
December 31, 2017					
Loans (including non-current)	$56,038,508	$20,907,118	$5,343,167	$22,386,919	$104,675,712
Short-term notes and bills payable	3,490,150	-	-	-	3,490,150
Payables (including relates parties) (including non-current)	27,067,909	49,797	4,766	-	27,122,472
Deposit-in	128,579	4,709	-	980	134,268
December 31, 2016					
Loans (including non-current)	$70,695,108	$16,762,424	$23,893,299	$765,000	$112,115,831
Short-term notes and bills payable	2,059,592	-	-	-	2,059,592
Payables (including relates parties) (including non-current)	24,347,568	158,232	690	-	24,506,490
Deposit-in	142,580	4,468	-	980	148,028
Liabilities directly related to non-current assets held for sale	3,417,321	598,218	63,677	-	4,079,216

Derivative financial instruments

	Less Than 1 Year	2-3 Years	4-5 Years	More than 5 Years	Total
December 31, 2017					
Flow-in	$-	$-	$-	$-	$-
Flow-out	(1,358)	-	-	-	(1,358)
Net	$(1,358)	$-	$-	$-	$(1,358)
December 31, 2016					
Flow-in	$23,930	$-	$-	$-	$23,930
Flow-out	(19,700)	-	-	-	(19,700)
Net	$4,230	$-	$-	$-	$4,230

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

(6) 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:

j The carrying amount of cash and cash equivalents, receivables, other non-current assets, payables and other current liabilities approximate their fair value due to their short maturities.

k 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.

l 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).

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

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

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

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(7) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at December 31, 2017 and 2016 is as follows:

Forward exchange contracts

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

December 31, 2017

	Currency	Period
Buying currency exchange forward	Buy USD2,600 thousand	September 2017-March 2018
Buying currency exchange forward	Buy RMB6,621 thousand	December 2017-January 2018
Buying currency exchange forward	Buy JPY167,430 thousand	November 2017-February 2018

December 31, 2016

	Currency	Period
Buying currency exchange forward	Buy USD10,000 thousand	October 2016-March 2017
Buying currency exchange forward	Buy RMB16,974 thousand	December 2016-January 2017

Exchange options

December 31, 2017

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

Counterparty bank	Foreign exchange rate	Foreign exchange rate on the date of settlement FX	Term of settlement (USD in thousands)
A	USD/CNH	FX > 6.68	Executing price at 6.68 to sell USD1,000
B	USD/JPY	FX < 110.60	Executing price at 110.60 to buy USD1,000

As of December 31, 2017, foreign exchange options contracts that had been settled amounted to USD77,200 thousand, EUR 3,000 thousand, and the remaining unsettled contracts amounted to USD2,000 thousand, with a fair value of NTD(36) thousand (including royalties amounted to NTD175 thousand and unrealized loss amounted to NTD139 thousand), recognized as financial liabilities carried at fair value through profit or loss - current.

December 31, 2016

Counterparty bank	Foreign exchange rate	Foreign exchange rate on the date of settlement FX	Term of settlement (USD in thousands)
A	USD/TWD	FX > 32.90	Executing price at 32.90 to sell USD1,000
B	USD/TWD	FX < 31.36	Executing price at 31.36 to buy USD1,000

As of December 31, 2016, foreign exchange options contracts that had been settled amounted to USD150,000 thousand, EUR 500 thousand, and the remaining unsettled contracts amounted to USD2,000 thousand, with a fair value of NTD260 thousand (including royalties amounted to NTD390 thousand and unrealized loss amounted to NTD130 thousand), recognized as financial liabilities carried at fair value through profit or loss - current.

CPT and its subsidiaries

As at December 31, 2017 and 2016, CPT and its subsidiaries did not hold any derivative financial instruments not qualified for hedge accounting and not yet settled.

SCSC and its subsidiaries

Forward foreign exchange contracts

Forward foreign exchange contracts aimed at managing exposures of certain transactions, but not designated as hedging instruments. Forward foreign exchange contracts entered into by SCSC and its subsidiaries are listed as follows:

Item	Contract amount	Period
December 31, 2017		
Forward foreign exchange contracts	USD2,122 thousand	October 2017-January 2018
Forward foreign exchange contracts	USD363 thousand	November 2017-March 2018
December 31, 2016		
Forward foreign exchange contracts	USD12,900 thousand	November 2016-April 2017

Tatung Compressors (Zhongshan) Co., Ltd.

Forward foreign exchange contracts

Forward foreign exchange contracts aim at managing exposures of certain transactions, but not designated as hedging instruments. Forward foreign exchange contracts entered into by Tatung Compressors (Zhongshan) Co., Ltd. are listed as follows:

December 31, 2017

Item	Contract amount	Period
Forward foreign exchange contracts	Sell USD200 thousand	December 2017-March 2018

December 31, 2016
None.

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.

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

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

(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, 2017

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
Stocks	$664	$-	$-	$664
Forward exchange contracts	-	-	-	-
Capital-guaranteed financial products	-	-	633,076	633,076
Open-end funds	13,003	-	-	13,003
Available-for-sale financial assets:				
Stocks	1,428,110	-	236,581	1,664,691
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Forward exchange contracts	-	591	-	591
Exchange options	-	767	-	767

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
Stocks	$537	$-	$-	$537
Forward exchange contracts	-	13,006	-	13,006
Capital-guaranteed financial products	-	-	17,230,231	17,230,231
Open-end funds	18,859	-	-	18,859
Available-for-sale financial assets:				
Stocks	1,230,981	-	185,051	1,416,032
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
Forward exchange contracts	-	581	-	581
Exchange options	-	260	-	260

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

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, 2017 and 2016.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Measurement at fair value through income/loss	Available- for-sale	
	Capital-guaranteed financial products	Share	Total
January 1, 2017	$17,230,231	$185,051	$17,415,282
Recognized in profit and loss, 2017 (recognized under other gains and losses)	25,551	(4,000)	21,551
Recognized in other comprehensive income, 2017 (recognized under unrealized gain or loss on valuation of Available-for-sale financial assets)	-	55,530	55,530
Acquisition/Issuance, 2017	1,997,926	-	1,997,926
Disposal/Liquidation, 2017	(18,103,340)	-	(18,103,340)
Exchange differences	(517,292)	-	(517,292)
December 31, 2017	$633,076	$236,581	$869,657

	Measurement at fair value through income/loss	Available- for-sale	
	Capital-guaranteed financial products	Share	Total
January 1, 2016	$404,398	$213,023	$617,421
Recognized in other comprehensive income, 2016 (recognized under unrealized gain or loss on valuation of Available-for-sale financial assets)	78,807	(27,972)	50,835
Acquisition/Issuance, 2016	18,849,277	-	18,849,277
Disposal/Liquidation, 2016	(2,044,264)	-	(2,044,264)
Exchange differences	(57,987)	-	(57,987)
December 31, 2016	$17,230,231	$185,051	$17,415,282

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

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, 2017:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Available-for-sale					
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 increase (decrease) in the Group's equity by NTD2,366 thousand
Capital-guaranteed financial products	Market approach or revenue approach	Price of the financial products	-	-	Transactions involving financial products are currency transactions, and hence their value are equal to the fair value.

As at December 31, 2016:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Available-for-sale					
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 increase (decrease) in the Group's equity by NTD1,872 thousand
Capital-guaranteed financial products	Market approach or revenue approach	Annualized expected return	2.3%~2.5%	The higher the expected annualized return, the higher the estimated fair value	0.25% increase (decrease) in the annualized expected return would result in increase (decrease) in the Group's equity by NTD8,171 thousand

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

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, 2017:

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6(14))	$-	$-	$31,397,928	$31,397,928
Investments under the equity method (please refer to Note 6(12))	3,026,637	-	-	3,026,637

As at December 31, 2016:

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6(14))	$-	$-	$22,659,871	$22,659,871
Investments under the equity method (please refer to Note 6(12))	2,378,616	-	-	2,378,616

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

		As of December 31, 2017		
		Foreign currency	Exchange rate	NTD
Financial Assets - Monetary items				
	USD	$701,858,171	29.7600	$20,887,299
	JPY	712,097,800	0.2642	188,136
	RMB	7,319,373,664	4.5545	33,336,087
Investments under equity method				
	RMB	41,213,399	4.5545	187,706
Financial Liabilities - Monetary items				
	USD	1,333,304,872	29.7600	39,679,153
	JPY	14,713,038,126	0.2642	3,887,185
	RMB	5,824,387,238	4.5545	26,527,172
	EUR	8,392,924	35.5700	298,536

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

		As of December 31, 2016		
		Foreign currency	Exchange rate	NTD
Financial Assets - Monetary items				
	USD	$702,551,760	32.2500	$22,657,294
	JPY	1,109,549,614	0.2756	305,792
	RMB	10,167,516,984	4.6490	47,268,786
Investments under equity method				
	RMB	28,346,782	4.6490	131,784
Financial Liabilities - Monetary items				
	USD	1,188,599,685	32.2500	38,332,340
	JPY	9,867,471,330	0.2756	2,719,475
	RMB	6,462,427,364	4.6490	30,043,825
	EUR	11,783,899	33.9000	399,474

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 gain (loss) from foreign exchange currencies of the Group were NTD1,552,843 thousand and NTD946,326 thousand for the years ended December 31, 2017 and 2016, respectively.

The information above was presented in book value of foreign currency which has been translated to functional currency.

(10) 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.

(11) On December 7, 2015, the Supreme Court of the ROC revoked the judgment made by the Taiwan High Court on the Nature Worldwide Technology Co., case and remanded the case to the Taiwan High Court. On August 23, 2017, former Chairman Lin was sentenced to fixed-term imprisonment and penalties by Taiwan High Court. Former Chairman Lin appealed to the Supreme Court of the ROC and the Taiwan High Court of the ROC confirmed that all documents were successfully transferred.

According to the amended regulations regarding confiscation, the items to be confiscated shall be possessions owned by the ultimate beneficiary. However, former Chairman Lin did not have any actual gains and was not the ultimate beneficiary. The judgement seemed to be mistaken. Shang Chih Investment Co., Ltd. ("Shang Chih") discovered the fraudulent financial reporting after investing in Nature Worldwide Technology Co. The financial statements were modified and the fund from the fraudulent loan was nowhere to be found. Because of the loan fraud, Nature Worldwide Technology Co., was unable to pay back their bank loans. In consideration of the Group's credibility, the Company increased the capital of Nature Worldwide Technology Co., to pay back their bank loans. Former Chairman Lin never handled any of the payment and was not the final beneficiary.

As for guarantee responsibilities, the confiscation of guarantee expected gains is actually against the purpose of the legislation and related regulations of confiscation. Also, the calculation of illegal income did not follow the rule of logic and empirical rule. The original judgement was wrong in both acknowledgement of the facts and legal citations. Former Chairman Lin had appointed an attorney to appeal to the Supreme Court of the ROC.

The Securities and Futures Investors Protection Center filed a legal action in connection with damages against former Chairman Lin to the Taiwan High Court. According to the syllabus of the Taiwan High Court's judgment, former Chairman Lin shall pay the Company NTD1,900,000 thousand and related interests. The judgement was incorrect in both fact determination and legal citation. Former Chairman Lin had appointed an attorney to appeal to the Supreme Court of the ROC. The Supreme Court of the ROC revoked the judgment on December 11, 2017, and remanded the case to the Taiwan High Court. It is currently pending in the Taiwan High Court.

The Securities and Futures Investors Protection Center filed a chairman dismissal legal action against former Chairman Lin. The District Court and High Court have ruled that the basis of the legal action was invalid, and hence ruled in favor of the Company. However, the Supreme Court of the ROC revoked the judgment on July 10, 2017 and remanded the case to the Taiwan High Court. The Securities and Futures Investors Protection Center had withdrawn the civil action from the Taiwan High Court on February 21, 2018.

The Company's operations, finance and business were not affected by the above personal cases and will continue as usual.

(12) Liquidity risk of subsidiaries

Some of the subsidiaries of the Group were exposed to liquidity risk that the current liabilities were more than the current assets. The liquidity risk was mainly due to the consolidated financial conditions of the CPT group and SCSC group. The details are as follows:

1. As of December 31, 2017, the accumulated loss attributed to CPT amounted to NTD57,940,896 thousand. The current liabilities were NTD7,093,338 thousand more than current assets. To improve the financial conditions and to ensure sufficient operating capital, the CPT group plans to adopt measures mentioned below:

   (a) The CPT group would continue to focus on its niche products, strictly control its expenses, lower the purchase costs, and increase the utilization rate of production capacity to improve profitability.

   (b) Extend the short-term loans: CPT planned to extend the short-term loans upon maturity to meet the short-term operation funding needs. As of March 15, 2018, CPT has completed all the extension procedures.

   (c) CPT signed a syndicated loan contract with a credit line of NTD7,500,000 thousand with syndicated loan banks managed by Bank of Taiwan on January 4, 2018 to meet its mid- to long-term capital needs. As of January 15, 2018, CPT had drawn NTD7,500,000 thousand from the credit line. Also, Vibrant Display Technology CO., Ltd, a subsidiary of CPT, signed a syndicated loan contract with a credit line of RMB4,700,000 thousand with banks in China. As of December 31, 2017, the unused credit line was RMB3,700,000 thousand.

2. As of December 31, 2017, the accumulated loss attributed to SCSC amounted to NTD309,895 thousand. The current liabilities were NTD4,627,897 thousand more than current assets. The liquidity risk was mainly due to the consolidated financial conditions of GET. To improve the financial conditions and to ensure sufficient operating capital, GET planned to extend its short-term loans and other related procedures. The management of GET considered that the abovementioned strategies would reduce the liquidity risk of the consolidated financial conditions substantially on December 31, 2017.

   The consolidated financial statements of the Group for the year ended December 31, 2017 was not adjusted for the uncertainty of whether the strategies mentioned above can be achieved.

13. Other disclosure

(1) Information at significant transactions:

(a) Financing provided to others: refer to Attachment 1.

(b) Endorsement/Guarantee provided to others: refer to Attachment 2.

(c) Securities held: refer to Attachment 3.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: refer to Attachment 4.

(e) Acquisition of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock: refer to Attachment 5.

(f) Disposal of real estate up to the amount exceeding the lower of NTD300 million or 20% of capital stock: refer to Attachment 6.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 7.

(h) Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock: refer to Attachment 8.

(i) Engaging in derivative transactions: refer to Note 6 and Note 12 in the consolidated financial statements.

(j) Intercompany Relationships and Significant Intercompany Transactions: refer to Attachment 11.

(2) Information on investees:

Of the investee company directly or indirectly has significant influence or control over, their investee companies' information: refer to Attachment 9.

(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 10.

(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:

j Ending balance and percentage of purchase and related payables: refer to Attachment 7.

k Ending balance and percentage of sales and related receivables: refer to Attachment 7.

l Gains and loss on the transaction of property: None.

m Ending balance and purpose of endorsement guarantees or collateral: refer to Attachment 2.

n Ending balance, maximum limit, interest rates range and current interest amount of financing: refer to Attachment 1.

o Other investments that have significant impact on current profit or financial condition, such as the services provided or received: None.

14. <u>Segment information</u>

For management purposes, the Group organized its business units based on their products and services and has three 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.

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.

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

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.

(1) Information on profit or loss, assets and liabilities of the reportable segment:

For the year ended December 31, 2017

	Optical	Machinery and energy	Consumer products	Other operating segments	Adjustment and elimination	Consolidated
Revenue						
External customer	$34,724,488	$26,284,194	$10,451,792	$4,092,535	$-	$75,553,009
Inter-segment	15,332	1,857,659	6,557,796	55,661	(8,486,448)	-
Total revenue	$34,739,820	$28,141,853	$17,009,588	$4,148,196	$(8,486,448)	$75,553,009
Segment profit (loss)	$2,411,184	$(376,493)	$(160,239)	$(1,246,378)	$1,421,682	$2,049,756

For the year ended December 31, 2016

	Optical	Machinery and energy	Consumer products	Other operating segments	Adjustment and elimination	Consolidated
Revenue						
External customer	$33,066,654	$29,873,836	$11,031,258	$3,705,877	$-	$77,677,625
Inter-segment	2,991	1,781,826	6,627,498	283,694	(8,696,009)	-
Total revenue	$33,069,645	$31,655,662	$17,658,756	$3,989,571	$(8,696,009)	$77,677,625
Segment profit (loss)	$(861,520)	$(1,172,632)	$(177,945)	$(5,111,753)	$3,817,596	$(3,506,254)

[1] Revenue was from information software and real estate development that are operating segments that did not meet the quantitative thresholds for reportable segments.

[2] Inter-segment revenue are eliminated on consolidation and recorded under the “adjustment and elimination” column, all other adjustments and eliminations are disclosed below.

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

(2) Geographical information

Revenue from external customers

	For the years ended	
	2017	2016
Taiwan	$30,849,820	$34,581,582
China	32,113,236	25,691,257
Asia	5,576,771	3,315,275
Europe	4,367	917
America	2,689,648	2,706,669
Southeast Asia	1,418,616	10,333,306
Other countries	2,900,551	1,048,619
Total	$75,553,009	$77,677,625

The revenue information above is based on the locations of the customers.

Non-current assets

	As of December 31,	
	2017	2016
Taiwan	$70,684,500	$78,393,223
China	53,657,992	16,177,520
Asia	22,479	33,954
Europe	-	2,673
America	183,954	220,385
Southeast Asia	702,817	755,185
Total	$125,251,742	$95,582,940

Non-current assets included property, plant and equipment, 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 2017 and 2016. Accordingly, no disclosure is required.

ATTACHMENT 1
Financing provided to others for the year ended December 31, 2017
(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

No. (Note 1)	Lender	Counter-party	Financial statement account (Note 2)	Related Party	Maximum balance for the period (Note 3)	Ending balance (Note 8)	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party (Note 5)	Reason for financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 7)	Limit of total financing amount (Note 7)
													Item	Value		
0	Tatung Co., Ltd	Tatung Global Strategy Investment and Trading (BVI) Inc.	Long-term receivables- related parties	Yes	$815,641	- (Note10)	-	2.00%	2	-	Business turnover	-	None	-	$11,618,109	$11,618,109
		Tatung Vietnam Co., Ltd.	Long-term receivables- related parties	Yes	495,653	- (Note11)	-	2.00%	2	-	Business turnover	-	None	-	11,618,109	11,618,109
		Tatung InfoComm Co., Ltd.	Long-term receivables	No	611,367	- (Note12)	-	2.00%	2	-	Business turnover	-	None	-	11,618,109	11,618,109
1	Shan-Chih Asset Development Co.	Chunghwa Picture Tubes, Ltd.	Long-term receivables- related parties	Yes	1,000,000	-	-	3.50%	2	-	Business turnover	-	None	-	11,854,422	11,854,422
		Nature Worldwide Technology Corp.	Long-term receivables- related parties	Yes	68,991	68,991	68,991	3.00%	2	-	Business turnover	68,991	None	-	11,854,422	11,854,422
2	Shan-Chih Investment Co., Ltd	Nature Worldwide Technology Corp.	Long-term receivables- related parties	Yes	929,577	929,577	929,577	3.10%	2	-	Business turnover	929,577	None	-	224,212	224,212
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	-	271,082	271,082
4	Taipei Industry Corporation	Green Energy Technology Inc.	Other receivables - related parties	Yes	260,000	-	-	3.00%	2	-	Business turnover	-	Machinery, equipment	437,537	304,396	304,396
5	Shan-Chih Wire and Cable Tecknology (Wujiang) Co. , Ltd	Tatung Wire And Cable Technology (Wujiang) Co., Ltd.	Other receivables - related parties	Yes	137,161	-	-	6.00%	2	-	Loan repayment	-	None	-	1,469,490	1,469,490
6	Tatung Coatings (Kunshan) Co., Ltd.	Huaian Tatung Advanced Technology Materials Co., Ltd.	Other receivables - related parties	Yes	36,576	-	-	As Kunshan's loan interest rate+0.25%	2	-	Business turnover	-	None	-	100,285	100,285
7	Wujiang Shanghua Material Technology Co., Ltd	Huaian Tatung Advanced Technology Materials Co., Ltd.	Other receivables - related parties	Yes	18,288	-	-	As Wujiang's loan interest rate+0.25%	2	-	Business turnover	-	None	-	25,054	25,054
8	CPTF Optronics Co., Ltd.	Huallar Optronics (Fuzhou) Co. Ltd.	Other receivables - related parties	Yes	169,165	168,516	168,516	4.35%	2	-	Business turnover	-	None	-	5,119,213	5,119,213
		Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Other receivables - related parties	Yes	4,204,438	3,552,508	1,958,434	4.35%	2	-	Business turnover	-	None	-	5,119,213	5,119,213
		Vibrant Display Technology CO., Ltd.	Other receivables - related parties	Yes	911,872	910,900	910,900	4.79%	2	-	Business turnover	-	None	-	5,119,213	5,119,213
9	Chunghwa Picture Tubes (Wujiang) Ltd.	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Other receivables - related parties	Yes	1,828,814	1,821,799	1,821,799	4.35%	2	-	Business turnover	-	None	-	1,916,380	1,916,380

Note 1: The Company and its subsidiaries are coded as follows:
(i) The Company is coded "0".
(ii) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: If the economic substance of transactions are financing to others, regardless of which component they are recognized as in the financial statements, certain transactions such as the account receivables –related parties and advances are included herein.

Note 3: Maximum balance of financing provided to others for the current year.

Note 4: Nature of financing is coded as follows: operational funding is coded"1"; short-term financing is coded "2".

Note 5: Total amount of the financing is disclosed herein if the financing is related to business transactions. Total amount of financing shall refer to the amount the lender provides to the borrower within the past year.

Note 6: The reasons and counterparties of the financing are addressed herein as the financing was associated with short-term capital needs.

Note 7: Financing to individual counter-party shall not exceed 25%~40% of the net assets values from the latest financial statements. Total financing amount shall not exceed 40% of the audited/reviewed net assets value of the most current period.

Note 8: If a public company brings the financing proposal to the board of directors according to Article 14-1, the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,the company still needs to disclose the amount resolved by the board in the balance to disclose the risk, even if the funds are not appropriated yet. When the funds are repaid afterwards, the company should disclose the amount returned to reflect the risk adjustment.
If a public company authorizes the chairman of the board of directors to appropriate or use certain limits of the funds several times in the period of a year according to Article 14-2, Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company still needs to disclose the amount resolved by the board in the balance.

Note 9: Shan-Chih Asset Development Co., Ltd.'s receivables from Nature Worldwide Technology Corp. were collected in the amount of $120,000 thousand on June 10, 2013. The remaining claim is still pending in the court.

Note 10: The Company has financed to its subsidiary－Tatung Global Strategy Investment and Trading (BVI) Inc.. Part of the loans have been overdue.On August 29, 2012, The Board of Directors of the Company has resolved to proceed with liquidation to solve the issue.
In the process of liquidation, part of the loan has been received. While TGSI is unable to pay back the whole amount.The Board of Directors of the Company has determined to give up the amount unpaid by TGSI. The liquidation of TGSI is finished on December 28, 2017.

Note 11: The Board of Directors of the Company determined to transfer the receivables due from Tatung Vietnam Co., Ltd. to capital increase on December 21,2017.
However, as of December 31, 2017, Tatung Vietnam Co., Ltd. hasn’t finished the alternation registration procedure. Hence, the Company recognized such amount under prepayments for investment, non-current.

Note 12: On March, 2012, The Board of Directors of the Company has resolved to sell all of its shares of its subsidiary, Tatung InfoComm Co., Ltd., to Vee Telecom Multimedia Co., Ltd.. Regarding the Company financing to Tatung InfoComm Co., Ltd., the Company has signed a repayment agreement with Tatung InfoComm Co., Ltd. and non-current portion was reclassified from others receivable–related parties to long-term receivable.
However,Tatung InfoComm Co., Ltd has not repaid principal and interest due under the agreement to the Company since July,2014. The Company has delivered payment order application form to the court on October,2014 and applied for enforcement action to Tatung InfoComm Co., Ltd's tax refund on December,2014. This case is currently under legal procedures.
Regarding the Company financing to Tatung InfoComm Co., Ltd., the Company has recognized allowance for bad debts amounting to NTD 611,367 thousand.
The Board of Directors of the Company determined to sold the receivables due from Tatung InfoComm Co., Ltd. to its subsidiary,Shan-Chih Asset Development Co. in the amount of NTD 53,000 thousand on December 21,2017.

Note 13: Translated at December 31,2017 exchange rate

ATTACHMENT 2

Endorsement/Guarantee provided to others for the year ended December 31, 2017

(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	Maximum balance for the period	Ending balance	Actual amount provided	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	$7,261,318	$1,772,400	$1,772,400	$1,294,580	$-	6.03%	$14,522,637	Y	N	N
		Chunghwa Picture Tubes, Ltd.	2	7,261,318	3,000,000	3,000,000	3,000,000	3,000,000	10.20%	14,522,637	Y	N	N
1	Shan-Chih Asset Development Co.	Chih Sheng Realty Co., Ltd.	2	7,093,018	80,000	80,000	80,000	-	0.28%	14,186,036	N	N	N
		Tatung Co., Ltd	4	85,116,216	28,200,000	27,200,000	26,994,551	27,200,000	95.87%	85,116,216	N	Y	N
2	Wujiang Shanghua Material Technology Co., Ltd	Tatung Fine Chemicals Co., Ltd.	4	37,582	22,860	22,773	22,773	22,773	55.43%	37,582	N	N	N
3	Huaian Tatung Advanced Technology Materials Co., Ltd.	Tatung Fine Chemicals Co., Ltd.	4	75,815	54,864	54,654	-	54,654	65.62%	75,815	N	N	N
4	Green Energy Technology Inc.	Ultra Energy (Weifang) Technology Co. Ltd	3	1,948,973	320,531	223,782	160,518	44,640	4.59%	2,436,216	N	N	Y
		Gintung Energy Corporation	1	1,948,973	48,000	48,000	2,087	-	0.99%	2,436,216	N	N	N
5	NengNai International Co., Ltd	Green Energy Technology Inc.	4	1,949,652	1,250,000	1,250,000	434,000	1,250,000	64.11%	1,949,652	N	N	N
6	Ultra Energy Holding Limited	Green Energy Technology Inc.	4	2,430,307	1,250,000	1,250,000	434,000	1,250,000	51.43%	2,430,307	N	N	N
7	Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	2	478,450	156,725	89,280	-	-	5.60%	797,417	N	N	N
8	Suzhou Forward Electronics Technology Co., Ltd.	Forward Electronics Co., Ltd.	4	357,702	360,000	360,000	290,823	-	30.19%	596,170	N	N	N
9	Tatung System Technologies Inc.	Chyun Huei Commercial Technologies Inc.	2	202,535	150,000	90,000	20,098	-	8.89%	506,338	N	N	N
	Tatung System Technologies Inc.	Tisnet Technology Inc.	2	202,535	70,000	70,000	3,000	-	6.91%	506,338	N	N	N
10	Chyun Huei Commercial Technologies Inc.	Tatung System Technologies Inc.	4	19,323	8,000	8,000	6,285	-	8.28%	48,306	N	N	N
11	Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	2	7,089,532	800,000	-	-	-	-	7,089,532	N	N	N
12	CPTF Optronics Co., Ltd.	Kornerstone Materials Technology Co. Ltd.	3	1,417,906	286,933	286,933	273,270	-	2.24%	6,399,017	N	N	Y
13	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Kornerstone Materials Technology Co. Ltd.	2	15,516,340	1,434,667	1,434,667	-	-	2.77%	25,860,567	N	N	Y
14	Chunghwa Picture Tubes (Labuan) Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	4	433,091	476,863	136,635	115,229	-	9.46%	721,819	N	N	N

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. An investee company that has a business relationship with Tatung Co., Ltd
2. A subsidiary in which Tatung holds directly over 50% of equity interest.
3. An investee in which Tatung and its subsidiaries hold over 50% of equity interest.
4. An investee in which Tatung holds directly and indirectly over 50% of equity interest.
5. An investee that has provided guarantees to Tatung Co.,Ltd, and vice versa, due to contractual requirements.
6. An investee in which Tatung conjunctly invests with other shareholders, and for which Tatung has provided endorsement/guarantee in proportion to its shareholding percentage.

Note 3: Individual endorsement or guarantee shall not exceed 30% 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 by CPT.
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 provider's net assets value.

Note 4: The maximum amount of endorsement or guarantee provided to others for current

Note 5: Endorsement/guarantee responsibilities are assumed when the company has entered into an endorsement/guarantee contract or when lines of credits of notes has been approved as of year end ; and other issues related to guarantee or endorsement should be calculated in guarantee/endorsement amount.

Note 6: Should enter actual amount receiving party provided within the limit amount of guarantee/endorsement.

Note 7: A company is coded "Y" when a subsidiary is endorsed by the listed parent company, or a listed parent company is endorsed by a subsidiary, or a company with an endorsement in Mainland China.

Note 8: Limit of guarantee/endorsement amount for receiving party is less than that of ending balance,which is due to exchange rate differences.

Note 9: Translated at December 31,2017 exchange rate

Note 10: The Board of Directors of Huaian Tatung Advanced Technology Materials Co., Ltd. has resolved to apply standby Letters of Credit, SBLC from CHB, and tend to pledge part of certificate of deposit as assurance.
The contract of the assurance was signed with CHB on January 24, 2018.

ATTACHMENT 3

Securities held for the year ended December 31, 2017 (Excluding subsidiary, associates and jointly controlled)

(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares (in thousands)	Book value	Percentage of ownership (%)	Market value/ net assets value	
Tatung Co., Ltd	Stock—Taiwan Sugar Co.,Ltd	-	Financial assets measured at cost, current	1,391	$1	-	$-	
	Stock—Taiwan Power Co.,Ltd	-	Financial assets measured at cost, current	2,104	14	-	-	
	Stock—Tongya Telecommunication Industry Co., Ltd	-	Financial assets measured at cost, current	19,800	8,000	9.90	-	
	Stock—Chung Hwa Trading Development Co.	-	Financial assets measured at cost, current	49,984	500	0.08	-	
	Stock—Chi Yeh Chemical Co.	-	Financial assets measured at cost, current	125,000	1,091	0.63	-	
	Stock—United Electric Industry Co.Ltd	-	Financial assets measured at cost, current	1,472,731	6,705	2.77	-	
	Stock—Asia-Pacific Thechnology & Intellectual Property Services Inc.	-	Financial assets measured at cost, current	140,000	10	-	-	
	Stock—E&E Recycling Co.	-	Financial assets measured at cost, current	1,501,500	10,000	4.61	-	
	Stock—Scientific Pharmaceutical Elite Co.Ltd	-	Financial assets measured at cost, current	600,000	2,917	5.45	-	
	Stock—Idn-news degital Co.	-	Financial assets measured at cost, current	230	-	-	-	
	Stock—Coverge Inc.	-	Financial assets measured at cost, current	3,000,000	-	-	-	
	Stock—Yi Chi Associated Trading Co.	-	Financial assets measured at cost, noncurrent	30,000	300	6.67	-	
	Stock—Chih Yi Health Co.Ltd	-	Financial assets measured at cost, noncurrent	200,000	2,000	20.00	-	
	Stock—Taiwan Otis Elevator Co.	-	Available-for-sale financial assets, current	20,000	129,207	10.00	129,207	
	Stock—Taiwan Cogeneration Co.	-	Available-for-sale financial assets, current	7,172,920	191,876	1.22	191,876	
	Stock—Rechi Precision Co., Ltd	-	Available-for-sale financial assets, current	864,761	24,776	0.18	24,776	
	Stock—Medigen Biotechnology Co.	-	Available-for-sale financial assets, current	905,000	32,037	0.65	32,037	
	Stock—Tatung Technology Inc.	-	Available-for-sale financial assets, noncurrent	1,027,056	23,068	2.51	23,068	
	Fund—Taishin Global Disruptive Innovation Fund	-	Financial assets at fair value through profit or loss,current	300,000	2,994	-	2,994	
Chih De Investment Co., Ltd.	Stock－Elite Semiconductor Memory Technology Inc.	-	Financial assets at fair value through profit or loss,current	2,000	85	-	85	
	Stock－Taiwan Styrene Monomer Corporation	-	Financial assets at fair value through profit or loss,current	5,000	114	0.03	114	
	Stock－Walton Advanced Engineering Inc.	-	Financial assets at fair value through profit or loss,current	10,000	161	-	161	
	Stock－Bothhand Enterprise Inc.	-	Financial assets at fair value through profit or loss,current	2,000	135	-	135	
	Stock－BenQ Materials Corporation	-	Financial assets at fair value through profit or loss,current	5,000	100	-	100	
	Stock－Nien Hsing Textile Co., Ltd	-	Financial assets at fair value through profit or loss,current	2,475	68	-	68	

ATTACHMENT 3-1

Securities held for the year ended December 31, 2017 (Excluding subsidiary, associates and jointly controlled)

(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares (in thousands)	Book value	Percentage of ownership (%)	Market value/ net assets value	
San Chih Semiconductor Co., Ltd.	Stock—Crystal Applied Technology Inc.	-	Available-for-sale financial assets, current	70,897	$-	0.07	$-	
	Stock—EPISTAR Co.	-	Available-for-sale financial assets, noncurrent	2,494,140	112,610	0.23	112,610	
	Stock—Phecda Technology Co., Ltd.	-	Available-for-sale financial assets, noncurrent	1,000,000	9,300	3.51	9,300	
Green Energy Technology Inc.	Stock–Chunghwa Picture Tubes, Ltd.	Affiliated company	Available-for-sale financial assets, noncurrent	94,580,689	218,481	1.46	218,481	(Note 1)
Forward Electronics Co., Ltd.	Stock—Lastertech Co., Ltd.	-	Available-for-sale financial assets, noncurrent	4,470,705	313,397	6.55	313,397	
	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	33,166,000	636,787	1.42	636,787	(Note 1)
Suzhou Forward Electronics Technology Co., Ltd.	Capital—Nanjing Global Display Technology Co.,Ltd.	-	Financial assets measured at cost, noncurrent	-	-	17.29	-	
	Capital-guaranteed financial product－RMB Investment Products	-	Financial assets at fair value through profit or loss,current	-	59,209 (RMB 13,000)	-	59,209 (RMB 13,000)	
	Capital-guaranteed financial product－RMB Investment Products	-	Financial assets at fair value through profit or loss,current	-	91,090 (RMB 20,000)	-	91,187 (RMB 20,000)	
	Capital-guaranteed financial product－CITIC NO .17603 yield enhancement CNY term deposit	-	Financial assets at fair value through profit or loss,current	-	136,635 (USD 30,000)	-	136,635 (USD 30,000)	
	Capital-guaranteed financial product－RMB Structure Product	-	Financial assets at fair value through profit or loss,current	-	227,725 (RMB 50,000)	-	227,725 (RMB 50,000)	
Forward Electronics Equipment (Dong Guan) Co., Ltd	Capital-guaranteed financial product－RMB Structure Product	-	Financial assets at fair value through profit or loss,current	-	72,872 (RMB 16,000)	-	72,872 (RMB 16,000)	
	Capital-guaranteed financial product	-	Financial assets at fair value through profit or loss,current	-	45,545 (RMB 10,000)	-	45,594 (RMB 10,000)	
Chunghwa Electronics Investment Co., Ltd	Stock—Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	333,586	6,405	0.01	6,405	(Note 1)
Chih Sheng Investment Co., Ltd.	Stock—Medigen Biotechnology Corp.	-	Available-for-sale financial assets, current	100,036	3,541	-	3,541	
	Stock—Tatung Technology Inc.	-	Available-for-sale financial assets, noncurrent	2,727,272	61,238	6.65	61,238	
	Stock—Lastertech Co., Ltd.	-	Available-for-sale financial assets, noncurrent	1,910,988	133,610	2.79	133,610	
	Stock—Tatung Atherton Co., Ltd.	-	Financial assets measured at cost, noncurrent	1,000,000	23,595	10.00	-	(Note 2)
Chih Sheng Holding Co., Ltd.	Stock—Can Yang Investments Ltd.	-	Financial assets measured at cost, noncurrent	4,250,100	36,779	2.62	36,779	(Note 2)
Shan-Chih Asset Development Co.	Stock—Hua Nan Financial Holdings Co., Ltd.	-	Available-for-sale financial assets, noncurrent	134,477	2,252	-	2,252	
	Stock—Cathay Financial Holdings Co., Ltd.	-	Available-for-sale financial assets, noncurrent	42,997	2,300	-	2,300	
	Stock—Yuanta Financial Holding Co., Ltd.	-	Available-for-sale financial assets, noncurrent	3,887	54	-	54	
	Stock—CTBC Financial Holding Co., Ltd.	-	Available-for-sale financial assets, noncurrent	747,636	15,327	-	15,327	
	Stock—Green Energy Technology Inc.	Affiliated company	Available-for-sale financial assets, noncurrent	13,253,936	233,269	3.05	233,269	(Note 1)
	Stock—Tatung System Technologies Inc.	Affiliated company	Available-for-sale financial assets, noncurrent	171	4	-	4	(Note 1)
	Stock—Chunghwa Electronics Investment Co., Ltd.	Affiliated company	Available-for-sale financial assets, noncurrent	562,355	1,000	0.20	1,000	(Note 1)
	Claim－Tatung InfoComm Co., Ltd.	-	Other financial assets, noncurrent	-	53,000	-	53,000	(Note 1)
Chih Sheng Realty Co., Ltd.	Stock–Chunghwa Picture Tubes, Ltd.	Affiliated company	Available-for-sale financial assets, noncurrent	141,871,033	327,722	2.19	327,722	(Note 1)
Tatung Medical Healthcare Technologies Co., Ltd.	Fund－Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss,current	619,327	10,010	-	-	
Shan Chih Investment Co., Ltd.	Stock—Tatung System Technologies Inc.	Affiliated company	Available-for-sale financial assets, noncurrent	540,450	11,241	0.80	11,241	(Note 1)
	Stock—Green Energy Technology Inc.	Affiliated company	Available-for-sale financial assets, noncurrent	1,278,173	22,496	0.31	22,496	(Note 1)
	Stock—Tatung Technology Inc.	-	Available-for-sale financial assets, noncurrent	1,027,056	23,067	2.51	23,067	
	Stock—Lastertech Co., Ltd.	-	Available-for-sale financial assets, noncurrent	3,868,008	271,134	5.66	271,134	

Note 1: All transactions are eliminated in the consolidated financial statements.

Note 2: No active market, able to measure fair value

ATTACHMENT 3-2

Securities held for the year ended December 31, 2016 (Excluding subsidiary, associates and jointly controlled)

(Amounts in Thousands of New Taiwan Dollars, Unless specified Otherwise)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units (in thousands)/ bonds/shares (in thousands)	Book value	Percentage of ownership (%)	Market value/ net assets value	
Tatung Company of Japan, Inc.	Stock－Keyence.Co	-	Available-for-sale financial assets, noncurrent	7,186	$119,836	-	$119,836	
	Stock－Fanuc Co.	-	Available-for-sale financial assets, noncurrent	4,000	28,597	-	28,597	
	Stock－Toyota Motor Co.	-	Available-for-sale financial assets, noncurrent	5,500	10,481	-	10,481	
	Stock－SONY Co.	-	Available-for-sale financial assets, noncurrent	8,400	11,281	-	11,281	
	Stock－Total 48 listed companies	-	Available-for-sale financial assets, noncurrent	-	121,210	-	121,210	
Chunghwa Picture Tubes, Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	10,944,773	210,140	0.47	210,140	(Note 1)
Chunghwa Picture Tubes (Bermuda) Ltd.	Stock－Tatung Co., Ltd	Parent-subsidiary	Available-for-sale financial assets, noncurrent	59,652,985	1,145,337	2.55	1,145,337	(Note 1)
Chunghwa Picture Tubes (Malaysia) Sdn.Bhd.	Mines Golf Resort Berhad	-	Financial assets measured at cost, noncurrent	5,000,000	-	5.26	-	(Note 2)
Chunghwa PictureTubes Technology (Labuan) Ltd.	Stock－FocaTech systems Co., Ltd	-	Available-for-sale financial assets, noncurrent	787,521	24,492	0.26	24,492	
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Equity－Hua chuang(Fujian) equity investment enterprise (Limited Partnership)	-	Financial assets measured at cost, noncurrent	-	455,450	10.00	472,045	(Note 2)
Tatung Fine Chemicals Co., Ltd.	Stock－Hsieh Chih Industrial Library Publishing Co.	Affiliated company	Financial assets measured at cost, noncurrent	1	-	0.03	-	
	Stock－Taiwan Smith Industrial Co., Ltd.	-	Available-for-sale financial assets, noncurrent	400,000	-	4.43	-	(Note 3)
Tatung Wire & Cable (Thailand) Co., Ltd.	Equity－Tatung (Thailand) Co., Ltd.	Affiliated company	Financial assets measured at cost, noncurrent	8,200,000	75,243	7.77	-	(Note 1)

Note 1: All transactions are eliminated in the consolidated financial statements.

Note 2: No active market, able to measure fair value

Note 3: The Group assessed that the investee company has suspended operations and there were no sign of resume operations. Hence,the Group recognized impairment loss of NTD 4,000 thousand on June 30,2017.

ATTACHMENT 4

Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock.

Buyer/seller	Type and name of securities	Financial statement account (Note 3)	Counter-party	Relationship	Beginning balance		Addition		Disposal				Ending balance		Note
					Shares/units	Amount	Shares/units	Amount	Shares/units	Amount	Cost	Gain (Loss) from disposal	Shares/units	Amount	
Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd.	Investments accounted for under the equity method	Compal Electronics, Inc.	-	548,385,630	($169,504)	1,103,441,371	$2,285,522 (Note 5) (976,081) (Note 6)	-	$-	$-	$-	1,850,745,168	$2,314,310 (Note 2)	
		Investments accounted for under the equity method	Tatung Global Strategy Investment and Trading (BVI) Inc.	Parent-subsidiary	-	-	198,918,167	308,583	-	-	-	-	-	-	
	Green Energy Technology Inc.	Investments accounted for under the equity method	-	Parent-subsidiary	-	-	19,723,865	300,000	-	-	-	-	19,723,865	238,783 (Note 2 & 4)	
San-Chih Asset International (H.K)Holding.,Ltd	Suqian Zhiwei Real Estate Co., Ltd.	Investments accounted for under the equity method	Jiangsu speeding Properties Limited	-	-	1,045,615	-	-	-	599,554	569,521	30,033	-	- (Note 8)	
Tatung Global Strategy Investment and Trading (BVI) Inc.	Chunghwa Picture Tubes, Ltd.	Investments accounted for under the equity method	Tatung Co., Ltd	Parent-subsidiary	198,918,167	308,583	-	-	198,918,167	414,227	414,227	-	-	-	
Chunghwa Picture Tubes (Bermuda) Ltd.	Chunghwa Picture Tubes Technology (Group) Co., Ltd	Investments accounted for under the equity method	-	-	495,765,572	15,347,734	-	-	39,959,500	1,857,424	1,354,897	- (Note 3)	729,289,715 (Note 7)	13,354,248 (Note 2)	
Chunghwa Picture Tubes (Labuan) Ltd.	Chunghwa Picture Tubes Technology (Group) Co., Ltd	Investments accounted for under the equity method	-	-	30,040,422	931,139	-	-	30,040,422	1,337,047	979,795	- (Note 3)	-	-	
Chunghwa Picture Tubes, Ltd.	Giantplus Technology Co., Ltd.	Non-current assets held for sale	Ortus Technology Co., Ltd.	-	236,981,757	3,926,787	-	-	236,981,757	3,913,353	4,180,849	(267,496)	-	-	
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Capital-guaranteed financial product －CCB QianYuan-ZhouZhouLi	Financial assets at fair value through profit or loss	China Construction Bank	-	-	10,035,285	-	-	-	10,035,285	10,035,285	-	-	-	
	Capital-guaranteed financial product －CCB QIANYUAN	Financial assets at fair value through profit or loss	China Construction Bank	-	-	3,647,338	-	-	-	3,647,338	3,647,338	-	-	-	
Vibrant Display Technology CO., Ltd.	Capital-guaranteed financial product －CCB QianYuan－ZhouZhouLi	Financial assets at fair value through profit or loss	China Construction Bank	-	-	2,276,013	-	-	-	2,276,013	2,276,013	-	-	-	

Note 1: Beginning balance of which is recognized in available-for-sale financial assets and financial assets at fair value through profit or loss is current market price

Beginning balance of which is recognized in investments accounted for under the equity method inclued the adjustments under the equity method

Note 2: Balance was eliminated in the consolidated financial statements.

Note 3: As the Group did not lose the control of Chunghwa Picture Tubes Technology (Group) Co., Ltd. ,the difference between the actual acquisition or disposal price and the book value had been recognized under equity .

Note 4: As the Group originally has control over Green Energy Technology Inc. ,the difference between the actual acquisition price and the book value had been recognized under equity .

Note 5: Trading prices

Note 6:Changes in additional paid and the difference between the actual acquisition price and the book value in capital

Note 7:The number of shares 273,483,643 is capital increase by Chunghwa Picture Tubes Technology (Group) Co., Ltd.'s share dividends

Note 8:San-Chih Asset International (Hong Kong) Holding Limited, subsidiary of the Company, sold all shares of Suqian Zhiwei Real Estate Co., Ltd in December,2017. Therefore, the Group's holding percentage decreased from 100% to 0%.

ATTACHMENT 5

Real estate acquired with amount exceeding NTD300 million or 20% of the capital stock for the year ended December 31, 2017

Seller	Name of property	Transaction Date	First Acqusition Date	Transaction amount	Counter-party	Relationship	Related party transaction: previous transfer data				Price Reference	Purpose of transaction	Other terms
							Owner	Relationship with issuer	Transfer Date	Amount			
Huajiayuan Co., Ltd.	Land Usage Right	2017.11.15	RMB 164,929 thousand	Paid	Putian ministry of land and resources Hanjiang branch office	Non-related	None	None	None	None	Published price	Residential and Service facilities	None

Note 1: Appraisal result shall be disclosed in the Price Reference column if property appraisal is required by law.

Note 2: Capital stock refers to the parent company's capital stock. If the stocks were issued with no par value or par value is not NTD 10, the threshould shall be 10% of the equity attributable to shareholders of the parent.

Note 3: Transaction date refers to contract date, payment date, closing date, transfer date, the date of Resolution of the Board of Directors, or other dates on which counter-party and amount were settled, whichever came first.

ATTACHMENT 6

Real estate disposed of with amount exceeding NTD300 million or 20% of the capital stock for the year ended December 31, 2017

Seller	Name of property	Transaction Date	First Acqusition Date	Book value	Transaction amount	Amount received	Gain on disposal	Counter-party	Relationship	Purpose of transaction	Price Reference	Other terms
Shan-Chih Asset Development Co.	Land and plant	2017.05	2003.10	$161,979	$1,650,000	Collected	$1,461,745	Yuanta Futures Co.Ltd. Yuanta Commercial Bank Yuanta Securities Co., Ltd.	Non-related	Asset activation	The price is based on the appraisal price of China Real Estate Appraiser Firm and Savills Real Estate Appraiser Firm and was deciede after both the seller and buyer negotiated.	None
Chunghwa Picture Tubes Ltd.	Land, plant and equipment	2016.11 (Note 4)	1977.10	1,508,001	3,831,059	After the transaction amount of NTD 3,831,059 thousand deducting the related transaction fee of NTD 95,238 thousand and the advance receipts NTD 237,249 thousand Chunghwa Picture Tubes Ltd. against Giantplus Technology Co., Ltd. (which was classified under prepayments and long-term deferred revenue), the remaining amount of NTD 3,498,572 thousand has been total collected.	2,323,058	Giantplus Technology Co., Ltd.	Parent-subsidiary	Asset activation, resource integration, efficiency increase	The price at which CPT sold the Taoyuan land, plant and equipment to Giantplus Technology Co., Ltd. was appraised by appraisers from Bau Uen Real Estate Appraiser Firm and Jones Lang LaSalle Taiwan Ltd. The prices are listed as follows: The appraisal price of Bau Uen Real Estate Appraiser Firm is NTD 3,814,829 thousand. The appraisal price of Jones Lang LaSalle Taiwan Ltd. is NTD 3,815,741 thousand.	None

Note 1: Appraisal result shall be disclosed in the Price Reference column if property appraisal is required by law.

Note 2: Transaction date refers to contract date.

Note 3: Capital stock refers to the parent company's capital stock. If the stocks were issued with no par value or par value is not NTD 10, the threshould shall be 10% of the equity attributable to shareholders of the parent.

Note 4: Chunghwa Picture Tubes Ltd. was completed the transfer of land, plant and equipment in the second quarter 2017.

ATTACHMENT 7

Related party transactions for purchases and sales amounts exceeding NT$100 million or 20% of capital stock

Purchaser (seller)	Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance (Note 1)	Percentage of total receivables (payable)	
Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	Parent-subsidiary	Sales	($3,362,693)	(19.23)	-	No significant difference	Note 7	$1,740,419	36.53	
	Green Energy Technology Inc.	Parent-subsidiary	Sales	(169,716)	(0.97)	-	〃	〃	110,025	2.31	
	Tatung Co. of Japan, Inc.	Parent-subsidiary	Sales	(571,290)	(3.27)	-	〃	〃	99,482	2.09	
	Tatung Co. of Japan, Inc.	Parent-subsidiary	Purchases	451,670	3.56	-	〃	〃	(200,204)	(6.67)	
	Tatung Co. of America Inc.	Parent-subsidiary	Purchases	124,898	0.98	-	〃	〃	(12,508)	(0.42)	
	Tatung Electric Company of America, Inc.	Parent-subsidiary	Sales	(152,368)	(0.87)	-	〃	〃	23,638	0.50	
	Tatung (Shanghai) Co., Ltd	Parent-subsidiary	Sales	(116,210)	(0.66)	-	〃	〃	74,856	1.57	
	Tatung (Shanghai) Co., Ltd	Parent-subsidiary	Purchases	141,664	1.12	-	〃	〃	(12,933)	(0.43)	
	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(115,389)	(0.66)	-	〃	〃	26,731	0.56	
Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd.	Company in associates	Sales	(1,681,454)	(53.17)	150	-	-	933,686	71.15	
	Tatung Co., Ltd	Parent-subsidiary	Sales	(423,593)	(13.40)	60	-	-	202,628	15.44	
	Tatung Co., Ltd	Parent-subsidiary	Purchases	486,232	16.83	60	-	-	(29,446)	(15.15)	
Tatung (Shanghai) Co., Ltd	Vibrant Display Technology CO., Ltd.	Company in associates	Sales	(225,460)	(18.67)	According to contract	-	-	49,907	12.55	
	Tatung Co., Ltd	Parent-subsidiary	Sales	(146,401)	(12.12)	60	-	-	19,103	4.81	
	Tatung Co., Ltd	Parent-subsidiary	Purchases	203,027	22.10	120	-	-	(146,078)	(30.73)	
Green Energy Technology Inc.	Ultra Energy (WEIFANG) Technology Co. Ltd	Parent-subsidiary	Sales	(1,578,119)	(16.93)	T/T 90	-	-	1,325,570	73.89	
	Ultra Energy (WEIFANG) Technology Co. Ltd	Parent-subsidiary	Purchases	323,267	4.17	T/T 45	-	-	(1,662,616)	(71.24)	
	Gintech Energy Corporation	Other related parties	Sales	(388,139)	(4.16)	T/T 30	-	-	41,654	2.32	
Ultra Energy (WEIFANG) Technology Co. Ltd	Green Energy Technology Inc.	Parent-subsidiary	Purchases	1,578,119	40.28	T/T 90	-	-	(1,325,570)	(71.65)	
	Green Energy Technology Inc.	Parent-subsidiary	Sales	(323,267)	(6.47)	T/T 45	-	-	1,662,616	88.13	
Gintung Energy Co., Ltd.	Tatung Co., Ltd	Parent-subsidiary	Sales	(393,311)	(23.00)	60	-	-	9,316	2.36	
CPTF Optronics Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(782,330)	(11.00)	-	-	-	5,282,824	83.00	
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	Sales	(1,700,838)	(24.00)	-	-	-	741,624	12.00	
	CPTF Visual Display (Fuzhou) Ltd.	Company in associates	Purchases	1,221,592	12.00	-	-	-	(394,383)	(22.01)	
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(5,463,078)	(87.00)	-	-	-	3,495,669	97.00	
	CPTF Optronics Co., Ltd.	Company in associates	Purchases	1,700,838	30.00	-	-	-	(741,624)	(32.55)	
	CPTF Visual Display (Fuzhou) Ltd.	Company in associates	Purchases	737,491	13.00	-	-	-	(481,104)	(21.12)	
CPTF Visual Display (Fuzhou) Ltd.	CPTF Optronics Co., Ltd.	Company in associates	Sales	(1,221,592)	(62.00)	-	-	-	394,383	45.00	
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	Sales	(737,491)	(38.00)	-	-	-	481,104	55.00	
Giantplus Technology Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Sales	(335,904)	(11.00)	-	-	-	-	-	(Note 2)
	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	Purchases	159,848	13.00	-	-	-	-	-	
	Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Parent-subsidiary	Purchases	219,609	18.00	-	-	-	-	-	
	Kunshan Giantplus Optronics Display Technology Co., Ltd	Parent-subsidiary	Purchases	226,857	19.00	-	-	-	-	-	
Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Giantplus Technology Co., Ltd.	Parent-subsidiary	Sales	(219,609)	(7.00)	-	-	-	-	-	(Note 2)
Kunshan Giantplus Optronics Display Technology Co., Ltd	Giantplus Technology Co., Ltd.	Parent-subsidiary	Sales	(226,857)	(8.00)	-	-	-	-	-	(Note 2)
Chunghwa Picture Tubes, Ltd.	Giantplus Technology Co., Ltd.	Parent-subsidiary	Sales	(278,996)	(1.00)	-	-	-	-	-	(Note 2)
	Giantplus Technology Co., Ltd.	Parent-subsidiary	Purchases	476,121	2.00	-	-	-	-	-	
	CPTF Optronics Co., Ltd.	Parent-subsidiary	Purchases	782,330	3.00	-	-	-	(5,282,824)	(45.96)	
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Parent-subsidiary	Purchases	5,463,078	24.00	-	-	-	(3,495,669)	(30.41)	

Note 1: All transactions are eliminated in the consolidated financial statements.

Note 2: Giantplus Technology Co., Ltd.& Consolidated subsidiary have not been the subsidiaries of the Company and related parties of the Group from March 30,2017. Hence,the information are only disclosed when they were still related parties of the Group.

ATTACHMENT 7-1

Related party transactions for purchases and sales amounts exceeding NT$100 million or 20% of capital stock

Purchaser (seller)	Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance (Note 1)	Percentage of total receivables (payable)	
Shan-Chih Asset Development Co.	Tatung Co., Ltd	Parent-subsidiary	Sales	(239,048)	(27.72)	-	-	-	14	0.12	
Tatung Electric Company of America, Inc.	Tatung Co., Ltd	Parent-subsidiary	Purchases	152,433	61.90	120	-	-	(25,472)	(78.38)	
Forward Development Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd.	Company in associates	Sales	(420,046)	(87.47)	60	No significant difference	No significant difference	120,362	81.44	
	Suzhou Forward Electronics Technology Co., Ltd.	Parent-subsidiary	Purchases	482,186	100.00	90	〃	〃	(149,597)	(100.00)	
Suzhou Forward Electronics Technology Co., Ltd.	Forward Development Co., Ltd.	Parent-subsidiary	Sales	(482,186)	(60.99)	120	No significant difference	No significant difference	149,597	61.89	
TSTI Technologies (Shanghai) Co., Ltd.	Vibrant Display Technology CO., Ltd.	Company in associates	Sales	(119,639)	(3.32)	30	No significant difference	O/A 30-120 days	18,269	2.19	
Tatung Fine Chemicals Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Parent-subsidiary	Sales	(147,784)	(52.75)	120	-	-	6,086	17.59	
Tatung Forever Energy Co., Ltd.	Tatung Co., Ltd	Parent-subsidiary	Sales	(147,743)	(100.00)	60	-	-	68,979	100.00	
Toes Opto-Mechatronics Co.	Vibrant Display Technology CO., Ltd.	Company in associates	Sales	(150,829)	(84.39)	-	-	-	10,164	100.00	

Note 1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

Note 2: Giantplus Technology Co., Ltd.& Consolidated subsidiary have not been the subsidiaries of the Company and related parties of the Group from March 30,2017. Hence,the information are only disclosed when they were still related parties of the Group.

ATTACHMENT 8

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	Allowance for doubtful accounts
					Amount	Collection status		
Tatung Co., Ltd	1.Accounts receivable-Related party							
	Tatung Consumer Products (Taiwan) Co.,Ltd.	Parent-subsidiary	$1,740,419	2.06	$-	-	$-	$-
	Green Energy Technology Inc.	Parent-subsidiary	110,025	0.74	-	-	-	-
	2.Other accounts receivable-Related party (including long-term)							
	Green Energy Technology Inc.	Parent-subsidiary	989,537	-	-	-	-	-
	Shan-Chih Asset Development Co.	Parent-subsidiary	453,453	-	-	-	-	-
	Tatung Information Technology (Jiangsu) Co., Ltd.	Parent-subsidiary	559,330	-	-	-	-	-
Tatung Co. of Japan, Inc.	Chunghwa Picture Tubes, Ltd.	Company in associates	933,686	0.67	656,296	Tatung asked for overdue receivables form Chunghwa Picture Tubes, Ltd. monthly, and both sides actively communicated with repayment, and the amount of accounts receivable due from Chunghwa Picture Tubes, Ltd. decreased year by year.	-	-
	Tatung Co., Ltd	Parent-subsidiary	202,628	5.42	132,686		-	-
CPTF Optronics Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	5,282,824	-	-	-	-	-
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	741,624	-	-	-	-	-
Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Chunghwa Picture Tubes, Ltd.	Parent-subsidiary	3,495,669	-	-	-	-	-
CPTF Visual Display (Fuzhou) Ltd.	CPTF Optronics Co., Ltd.	Company in associates	394,383	-	-	-	-	-
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Company in associates	481,104	-	-	-	-	-
Forward Development Co., Ltd.	CPTF Visual Display (Fuzhou) Ltd.	Parent-subsidiary	120,362	3.99	17,232	-	31,375	-
Suzhou Forward Electronics Technology Co., Ltd.	Forward Development Co., Ltd.	Parent-subsidiary	149,597	3.31	-	-	33,616	-
Green Energy Technology Inc.	Ultra Energy (WEIFANG) Technology Co. Ltd	Parent-subsidiary	1,325,570	2.28	920,303	With the cash flow from both sides, collection and payment still ongoing	-	-
Ultra Energy (WEIFANG) Technology Co. Ltd	Green Energy Technology Inc.	Parent-subsidiary	1,662,616	2.06	-	-	-	-

Note 1: All transactions are eliminated in the consolidated financial statements.

ATTACHMENT 9

Names, locations and related information of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized (note 1)	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Tatung Co., Ltd	Chunghwa Picture Tubes, Ltd.	Taoyuan City, Taiwan	Manufacture, research and sale of picture tubs and TFT-LCD products	$6,992,774	$4,293,025	1,850,745,168	28.56	$2,314,310	$2,985,583	$612,248	
						(Note 2)	(Note 2)	(Note 2)			
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	Manufacture and sales of semiconductors and chips	920,981	920,981	49,913,576	43.18	850,234	(309,289)	(123,050)	
	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	(90,014)	6,595	(1,435)	
	Tatung System Technologies Inc.	Taipei City, Taiwan	Software and hardware service and system integration	247,655	247,655	36,018,121	53.60	522,352	117,289	62,865	
	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	174,081	15,758	7,761	
	Green Energy Technology Inc.	Taoyuan City, Taiwan	Manufacture of electrical parts and retail sales and wholesale of electrical materials	300,000	-	19,723,865	4.54	238,783	(619,139)	771	
	Chih Sheng Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,500,000	1,500,000	150,000,000	100.00	703,272	(80,222)	(80,222)	
	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	2,119,350	2,119,350	77,627,119	95.83	652,346	78,667	(2,492)	
	Chunghwa Electronics Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	2,217,447	2,217,447	262,626,267	93.27	1,086,881	46,321	39,660	
	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	31,573,715	1,019,744	1,065,365	
	Taiwan Telecommunication Industry Co., Ltd.	Taipei City, Taiwan	Telecommunication devices.	2,462,471	2,538,471	675,000	100.00	(854,363)	(3,692)	(3,692)	
	Tatung Singapore Information Co. Ltd.	Singapore	Investment holding	1,625,465	1,625,465	86,049,842	100.00	(23,095)	(608)	(539,032)	
	Tatung Electric (Singapore) Pte. Ltd.	Singapore	Investment holding	676,331	676,331	33,098,675	100.00	776,864	(70,884)	(64,220)	
	Tatung Mexico S.A de C.V.	Mexico	Manufacture of electronic products	503,289	503,289	1,597,248	100.00	152,619	(71,684)	(89,148)	
	Tatung Co. of Japan, Inc.	Japan	Sales and purchase of electronic parts, home appliances and IT products	1,903	1,903	15,000	100.00	639,805	55,201	55,196	
	Tatung Electronics (S) Pte. Ltd.	Singapore	Purchases, sales and services of raw material	48,276	48,276	3,600,000	90.00	95,813	(11,224)	(10,101)	
	Tatung (Thailand) Co.,Ltd.	Thailand	Manufacturing and sales of IT products, home appliances and AI meter	896,506	896,506	97,400,000	92.23	377,428	18,431	18,431	
	Tatung Wire & Cable (Thailand) Co., Ltd.	Thailand	The manufacturing and sales of wire and cable	60,154	60,154	6,810,000	100.00	74,462	-	-	
	Tatung Vietnam Co., Ltd.	Vietnam	Manufacture and sales of home appliances	932,819	932,819	-	100.00	(247,513)	(22,499)	(22,499)	(Note 4)
	Tatung Electric Technology (VN) Co.,Ltd.	Vietnam	Manufacture and sales of wire and cable	459,537	459,537	-	100.00	22,665	(11,223)	(15,230)	
	Tatung Consumer Products (Taiwan) Co.,Ltd.	Taipei City, Taiwan	Sales of home appliances	1,145,500	1,145,500	49,650,000	99.10	(1,068,739)	(217,431)	(214,918)	
	Toes Opto-Mechatronics Co.	Taipei City, Taiwan	The manufacturing of various automatic equipment	170,000	170,000	17,000,000	85.00	68,615	5,384	5,134	
	Tatung SM-Cyclo Co.	New Taipei City, Taiwan	Manufacture of speed reducers, speed aviators	71,220	71,220	6,400,000	85.33	165,730	47,504	40,441	
	Tatung DIE Casting Co.	New Taipei City, Taiwan	Manufacturing and sales of casting mold	7,880	7,880	153,000	51.00	51,797	18,253	10,165	
	Tatung Medical Healthcare Technologies Co., Ltd.	Taipei City, Taiwan	Design and sales of medical instruments	389,674	372,207	32,174,366	95.33	188,902	(31,760)	(34,172)	
	Central Research Technology Co.	Taipei City, Taiwan	EMCIRF testing and certification services	120,000	120,000	6,612,155	100.00	54,721	221	(217)	
	Tatung Czech s.r.o	Czech Republic	Sales of AI meters and energy saving products in the EU	342,448	342,448	-	100.00	8,791	(14,281)	(14,215)	
	Tatung Global Strategy Investment and Trading (BVI) Inc.	British Virgin Islands	Investment holding	-	2,289,059	-	-	-	160,488	160,488	
								(Note 3)			
	Absolute Alpha Limited	British Virgin Islands	Investment holding	3,190	3,190	50,000	100.00	20,240	152	152	
	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	107,333	(24,717)	(12,359)	
	Tatung Electric Company of America, Inc.	U.S.A.	Sales and service of motors	121,184	121,184	1,000,000	100.00	172,698	(2,102)	(2,102)	
	Tatung Science and Technology, Inc.	U.S.A.	The sale and purchase of IT products	632,934	632,934	6,872,000	100.00	7,435	(57)	(57)	
	Elitegroup Computer System Co., Ltd.	Taipei City, Taiwan	The manufacturing, design and sales of IT products	5,007,151	5,007,151	152,475,397	27.35	3,789,505	221,761	58,065	
	Tatung Okuma Co., Ltd.	Taipei City, Taiwan	Sales and production of working machine	49,000	49,000	8,428,000	49.00	1,184,201	265,332	130,920	
	Kuender & Co., Ltd.	Taipei City, Taiwan	Conversion of plastic module	38,500	38,500	10,336,000	50.00	80,458	(50,783)	(51,740)	
	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	955	383	25	
	Chung-Tai Technology Development Engineering Co.	New Taipei City, Taiwan	Construction of telecom cable	88,000	88,000	2,200,000	22.00	13,165	(3,695)	(997)	
	Tatung Forever Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	256,230	196,230	25,623,000	98.55	257,710	3,214	3,146	
	Taipei Industry Coporation	Taipei City, Taiwan	Production and sales of mixing concrete	19	19	69	0.00	15	47,260	1	
	Chunghwa Picture Tubes (Labuan) Ltd.	Labuan	Investment holding and the sale of TFT-LCD	968,560	968,560	8,000,000	41.03	587,394	45,599	18,709	
	LEAP HIGH LTD	Samoa	Investment holding	9,438	9,438	195,000	65.00	471	(4,462)	(5,819)	
	Tungyang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	150,000	-	15,000,000	100.00	149,678	(322)	(322)	
	Lansong International Co., Ltd.	Cambodia	Forestry	1,271,592	1,271,592	-	98.33	-	-	-	
	Tatung Netherlands B.V.	Netherlands	The sales of digital products	178,579	178,579	11,030	100.00	(125,852)	-	-	

Note1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

Note2: The Company increased its shareholding in CPT by 17.03% as a result of the legal action against Compal Electronics, Inc. Refer to Note 9(5) for further details.

In additon,Tatung Global Strategy Investment And Trading (BVI) sold all the shares of Chunghwa Picture Tubes, Ltd. it held to the Company in December 2017. Hence, the Company's holding percentage of Chunghwa Picture Tubes, Ltd. increased to 28.56%.

Note3: Tatung Global Strategy Investment And Trading (BVI) Inc. had completed the liquidation procedure in December 2017, and thus the Group's holding percentage decreased from 100% to 0%.

Note4: The Company transferred the receivables due from Tatung Vietnam Co., Ltd. in the amount of NTD 526,285 thousand to capital increase in December 2017.

However, as of December 31, 2017, Tatung Vietnam Co., Ltd. hasn't finished the alternation registration procedure. Hence, the Company recognized such amount under prepayments for investment, non-current.

ATTACHMENT 9-1

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.	Forward Development Co., Ltd.	British Virgin Islands	Investment holding	$680,752	$680,752	-	100.00	$1,445,973	$53,598	$53,598	
	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	23,161	15,718	2,293	
San Chih Semiconductor Co., Ltd.	Green Energy Technology Inc.	Taoyuan City,Taiwan	Manufacture of electrical parts and retail sales and wholesale of electrical materials	2,477,692	2,477,692	101,249,274	23.33	1,136,739	(619,139)	(150,555)	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	The manufacturing and sale of electronics	230,958	230,958	10,491,156	6.67	106,391	6,595	440	
	Greater Power Limited	Hong Kong	Investment holding	446,482	446,482	13,760,000	100.00	434,342	(35,987)	(35,987)	
	Chih De Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	1,000	1,000	100,000	100.00	1,047	143	143	
Greater Power Limited	Ultra Energy Holdings Limited	Hong Kong	Investment holding	446,482	446,482	13,760,000	19.77	480,471	(182,028)	(35,987)	
Green Energy Technology Inc.	Energy Well International Limited	Hong Kong	Investment holding	1,768,360	1,768,360	56,012,000	100.00	1,762,462	(146,028)	(146,028)	
	Gintung Energy Co., Ltd.	Taoyuan City,Taiwan	The manufacturing and sale of solar module and related component	111,193	111,193	11,119,332	30.05	50,561	15,718	4,724	
Energy Well International Limited	Ultra Energy Holdings Limited	Hong Kong	Investment holding	1,767,493	1,767,493	55,840,000	80.23	1,762,631	(182,028)	(146,041)	
Tatung System Technologies Inc.	Chyun Huei Business Technology Inc.	Taipei City, Taiwan	Information software service	42,740	42,740	5,400,000	100.00	96,613	10,258	10,258	
	Tatung System Technologies Holding Ltd.	Samoa	Investment holding	137,237	137,237	4,600,000	100.00	78,529	3,592	5,586	
	Tisnet Technology Inc.	Taipei City, Taiwan	Software design and development	62,590	62,590	5,500,000	100.00	55,977	1,238	1,377	
Chunghwa Picture Tubes, Ltd.	Chunghwa Picture Tubes (Bermuda) Ltd.	Bermuda	Investment holding	3,779,927	3,779,927	131,900,000	100.00	17,704,990	(1,059,041)	(1,059,041)	
	Giantplus Technology Co., Ltd.	Miaoli County, Taiwan	Research, development,production and sales of LCD Display	-	5,524,295	-	-	-	110,623	71,368	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	Manufacture and sale of electronics	402,900	402,900	24,099,974	15.33	244,411	6,595	2,715	
Chunghwa Picture Tubes (Bermuda) Ltd.	Goldmax Asia Pacific Ltd	Hong Kong	Investment holding	18,636	18,636	612,303	4.75	18,636	(44,332)	-	
Tatung Fine Chemicals Co., Ltd.	Shang Chih International Chemical Industry Co., Ltd.	British Virgin Islands	Investment holding	84,647	84,647	-	100.00	97,652	7,635	7,635	
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	185,101	3,478	3,470	
	Taipei Industry Coporation	Taipei City, Taiwan	Production and sales of mixing concrete	1,058,450	1,058,450	1,362,055	50.61	1,345,117	47,314	23,946	
	Shan-Chih Asset International Holding Corp.	Samoa	Investment holding	2,443,982	2,443,982	72,900,000	100.00	871,418	(489,133)	(489,133)	
	Chih Sheng Realty Co., Ltd.	Taipei City, Taiwan	Realty management	592,950	592,950	59,294,950	100.00	1,300,291	(3,384)	(3,384)	
	Hsieh Chih Industrial Library Publishing Co.	Taipei City, Taiwan	The publishing and sales of Hsieh Chih Industrial Library	9,960	9,960	3,201	91.46	12,407	383	350	
Shan-chih Asset International Holding Co.	San-Chih Asset International (Hong Kong) Holding,.Ltd.	Hong Kong	Investment holding	1,177,183	1,177,183	40,000,000	100.00	598,526	(477,208)	(477,208)	
Tatung Global Strategy Investment and Trading(BVI) Inc.	Chunghwa Picture Tubes, Ltd.	Taoyuan City, Taiwan	Manufacture, research and sale of picture tubs and TFT-LCD products	-	1,982,713	-	-	-	2,985,583	143,822	
Chih Sheng Investment Co., Ltd.	HEDA Biotechnology Co.,Ltd.	Taipei City, Taiwan	Produce, food and groceries retail	12,000	12,000	1,200,000	52.17	-	-	-	
	Chunghwa Electronics Investment Co., Ltd.	Taipei City, Taiwan	Investment holding	181,800	180,000	18,384,477	6.53	136,221	46,321	2,980	
	Taiwan Nissei Display System Co., Ltd.	New Taipei City, Taiwan	Electrical contacts	40,464	40,464	200,000	20.00	-	(46,545)	(9,313)	
	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	18,597	15,758	811	
	Chih Sheng Investment (BVI) Co., Ltd.	British Virgin Islands	Investment holding	508,337	508,337	16,862,590	100.00	52,574	(63,110)	(63,110)	
	Green Energy Technology Inc.	Taoyuan City,Taiwan	Manufacture of electrical parts and retail sales and wholesale of electrical materials	588,129	648,438	33,960,610	7.83	284,532	(619,139)	(51,544)	
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	52,676	(32,228)	(63,049)	
Chih Sheng Holding Co, Ltd	Chih Sheng Holding HK Limited	Hong Kong	Investment holding	200,111	200,111	6,205,310	100.00	(37,593)	(10,314)	(10,314)	
	Goldmax Asia Pacific Ltd	Hong Kong	Investment holding	193,500	193,500	6,000,000	46.51	52,358	(44,332)	(21,855)	

Note1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

ATTACHMENT 9-2

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			
Chunghwa Electronics Investment Co., Ltd.	Shan Chih Investment Co., Ltd.	Taipei City, Taiwan	Manufacturing & Investment holding	$92,918	$92,918	3,376,213	4.17	$23,363	$78,667	$3,279	
	Forward Electronics Co., Ltd.	New Taipei City, Taiwan	The manufacturing and sale of electronics	38,057	38,057	10,531,750	6.70	106,808	6,595	357	
	Chunghwa Picture Tubes, Ltd.	Taoyuan City, Taiwan	Manufacture, research and sale of picture tubs and TFT-LCD products	4,033,037	4,033,037	585,825,932	9.04	1,282,057	2,985,583	269,944	
	San Chih Semiconductor Co., Ltd.	Taipei City, Taiwan	Manufacture and sales of semiconductors and chips	320,374	320,374	17,362,651	15.02	258,811	(309,289)	(46,555)	
	Tatung Fine Chemicals Co., Ltd.	Taipei City, Taiwan	Manufacturing and sale of household coatings, industrial coatings and chemical products	17,338	17,338	1,138,960	1.47	5,579	15,758	243	
Toes Opto-Mechatronics Co.	Gintung Energy Co., Ltd.	Taoyuan City,Taiwan	The manufacturing and sale of solar module and related component	28,600	28,600	438,600	1.18	2,024	28,537	337	
Shan Chih Investment Co., Ltd.	Shan-Chih International Holding Co.	Samoa	Investment holding	247,118	247,118	7,950,000	100.00	23,822	8,555	8,555	
Tatung Medical Healthcare Technologies Co., Ltd.	Cloud Care Technologies Co., Ltd.	Taipei City, Taiwan	Service of information software	1,600	1,600	160,000	40.00	2,115	706	306	
	Tatung Medical&Healthcare Technologies Inc.	Samoa	Investment holding	1,517	-	50,000	100.00	305	(1,207)	(1,207)	
	Insured Pharmaceuticals Co., Ltd.	Taipei City, Taiwan	Pharmaceuticals and warehousing and transportation service	17,500	-	1,750,000	100.00	16,893	(607)	(607)	
Tatung Forever Energy Co., Ltd.	Sheng Yang Energy Co., Ltd.	Taipei City, Taiwan	Solar energy related business	160,000	100,000	16,000,000	100.00	159,698	1,448	1,448	
Tatung Mexico S.A de C.V.	TMX Logistics, Inc.	U.S.A	Hun Service	83,160	83,160	2,694,403	100.00	10,417	(57,337)	(57,337)	
	TMX Technologies, Inc.	U.S.A	Technologies & Business	70,191	65,048	22,500	100.00	12,738	(17,085)	(17,085)	
Absolute Alpha Limited	Tatung Information Technologies Corp.	U.S.A	The sale of electronic products	1,595	1,595	50,000	100.00	19,156	(185)	(185)	
Tatung Singapore Information Co. Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	13,133	4,034	425,099	100.00	3,300	(5,524)	(5,524)	
	Tatung Myanmar JV Holding Co., Ltd.	British Virgin Islands	Investment holding	4,841	4,841	150,000	100.00	3,951	(740)	(740)	
Tatung Myanmar JV Holding Co., Ltd.	LIN HTET LIN Co., Ltd.	Myanmar	Solar energy related business	4,841	4,841	73,500	49.00	3,951	(1,560)	(740)	
Tatung (Thailand) Co.,Ltd.	Myanmar Tatung Co., Ltd.	Myanmar	Sales and customer service of solar energy, industrial motor, home appliances, industrial air conditioner	-	-	1	-	-	(5,524)	-	
Leap High Limited	Tatung Middle East Purification of Potable Water L.L.C.	Dubai	Sales of water generators in Middle East	8,802	-	524	49.00	722	(7,620)	(3,861)	

Note1: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

ATTACHMENT 10

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, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Notes 2 and 4)	Carrying Value as of December 31, 2017 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2017
						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	$750,157	(2) (Note 6)	$658,102	$-	$-	$658,102	$(70,884)	87.23%	$(61,832) (2) B.	$776,864	$-
Tatung Information (Singapore) Pte. Ltd.	Tatung Information Technology (Jiangsu) Co., Ltd.	Produce and sales of appliances and electronic production	810,692	(2) (Note 6)	810,692	-	-	810,692	37,176	100.00%	37,176 (2) B.	(398,191)	-
	Tatung Wire and Cable Technology (Wujiang) Co., Ltd.	Manufacture and sales of wire and cable	412,653	(2) (Note 6)	412,653	-	-	412,653	(31,116)	100.00%	(31,116) (2) B.	59,605	-
	Tatung Compressors (Zhongshan) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	363,268	(2) (Note 6)	293,308	-	-	293,308	(1,188)	79.89%	(949) (2) B.	301,539	-
ULTRA ENERGY HOLDINGS LIMITED	Ultra Energy (WEIFANG) Technology Co. Ltd	Solar wafer slicing	2,071,296 USD 69,600	(2) (Note 8)	2,071,296 USD 69,600	-	-	2,071,296 USD 69,600	(182,112)	100.00%	(182,112) (2) B.	2,197,976	-
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	136,896 USD 4,600	(2) (Note 5)	122,788	-	-	122,788	6,612	100.00%	6,612 (2) B.	142,781	24,773 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	809,472 USD 27,200	(2) (Note 5)	145,175	-	-	145,175	38,592	100.00%	38,592 (2) B.	1,192,339	256,284 USD 8,421
	CPTF Visual Display (Fuzhou) Ltd.	Manufacture components of TFT-LCD	154,752 USD 5,200	(2) (Note 5)	35,495	-	-	35,495	34,587	24.81%	8,581 (2) B.	115,368	-
Tatung System Technologies Holding Inc.	TSTI Technologies (Shanghai) Co., Ltd.	Information software service	136,635 RMB 30,000	(2) (Note 6)	135,973 USD 4,569	-	-	135,973 USD 4,569	3,302 RMB 856	94.00%	5,622 (2) B.	79,902	-
Tatung Fine Chemicals Co., Ltd.	Tatung Coatings (Kunshan) Co., Ltd.	Manufacture and sales of industry coating and electro-deposition coating.	73,418 USD 2,467	(1)	31,546 USD 1,060	-	-	31,546 USD 1,060	10,064	100.00%	10,064 (2) B.	164,717	61,194 USD 1,914
	Huaian Tatung Advanced Technology Materials Co., Ltd.	The manufacturing and sales of positive material of lithium battery, printer ink,electro-deposition high performance coating.	148,800 USD 5,000	(1)	135,408 USD 4,550	-	-	135,408 USD 4,550	51,770	100.00%	51,770 (2) B.	84,073	-
	Wujiang Shang Huah Plastic Co., Ltd.	ABS plastic, color dyes.	8,928 USD 300	(1)	8,928 USD 300	-	-	8,928 USD 300	(450)	100.00%	(450) (2) B.	4,943	2,757 USD 85
Shang Chih International Chemical Industry Co., Ltd.	Dongguan Tongli Trading Co., Ltd.	Wholesale of painting, coating and chemical products	29,760 USD 1,000	(2) (Note 6)	29,760 USD 1,000	-	-	29,760 USD 1,000	7,673	100.00%	7,673 (2) B.	61,189	7,550 USD 249
	Wujiang Shanghua Material Technology Co., Ltd.	Manufacture and sales of ABS plastic	47,616 USD 1,600	(2) (Note 6)	47,616 USD 1,600	-	-	47,616 USD 1,600	84	100.00%	84 (2) B.	41,757	8,726 USD 270

ATTACHMENT 10-1

Investment in Mainland China

Investor company (Note 7)	Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows Outflow	Investment Flows Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Notes 2 and 4)	Carrying Value as of December 31, 2017 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2017
Chunghwa Picture Tubes, Ltd. (Note 10)	CPTF Optronics Co., Ltd.	R&D, design and manufacture components of TFT-LCD	$10,591,603 RMB 2,325,526	(3) (Note 6)	$238,080 USD 8,000	$-	$-	$258,000 USD 8,000	$1,648,902	100.00%	$442,236 (2) B.	$3,374,841	$1,196,695 USD 39,007
	Chunghwa Picture Tubes(Wujiang) Ltd.	Manufacture and sales of TFT-LCD	3,571,200 USD 120,000	(4) (Note 6)	-	-	-	-	(311,167)	100.00%	(83,455) (2) B.	1,263,373	-
	Chunghwa Picture Tubes Display Technology (Fujian) Ltd.	R&D, design and manufacture components of TFT-LCD	669,600 USD 22,500	(4) (Note 6)	-	-	-	-	(27,704)	80.00%	(6,959) (2) B.	182,519	-
	Kornerstone Materials Technology Co. Ltd.	Development, design, manufacture and sales of Touch component material	11,474,385 USD 385,564	(5) (Note 6)	-	-	-	-	(1,387,120)	96.65%	(361,206) (2) B.	1,920,041	-
	CPTF Visual Display (Fuzhou) Ltd.	Development, design, assembly and sales of Touch component material	154,752 USD 5,200	(4) (Note 6)	-	-	-	-	34,587	75.19%	10,383 (2) B.	131,052	-
	Hwallar Optronics (Fuzhou)Co., Ltd.	Manufacture and processing components of Optoelectronic	89,280 USD 3,000	(5) (Note 6)	-	-	-	-	(8,660)	51.00%	(1,185) (2) B.	(18,639)	-
	Chunghwa Picture Tubes Technology (Group) Co., Ltd.	Research, design, manufacturing, sales and service of flat-panel display device, monitor display model and components	12,597,891 RMB 2,766,033	(5) (Note 6)	-	-	-	-	654,988 (Note 11)	26.37%	175,668 (2) B.	13,354,248	-
	CPTF Optronics (Shen-Zhen) Co., Ltd.	Market research service	9,109 RMB 2,000	(5) (Note 6)	-	-	-	-	877	100.00%	877 (2) B.	11,452	-
	Fuzhou YingYuan Equity Investment Management Co., Ltd.	Consulting service for investment related or not related to securities	45,545 RMB 10,000	(5) (Note 6)	-	-	-	-	530	100.00%	142 (2) B.	12,891	-
	Vibrant Display Technology CO., Ltd.	R&D, design and manufacture components of TFT-LCD	38,257,782 RMB 8,400,000	(5) (Note 6)	-	-	-	-	107,701	100.00%	28,885 (2) B.	10,042,584	-
	PanShiYiYuan Mgmt. Investment (Fuzhou) Co.	Consulting service for investment related or not related to securities	-	(5) (Note 6)	-	-	-	-	5,440 (Note 12)	0.00% (Note 12)	1,459 (Note 12) (2) B.	-	-
	DDD3Empire	Manufacture, research and sales of optical glass	68,317 RMB 15,000	(5) (Note 6)	-	-	-	-	(10,854)	55.00%	(1,554) (2) B.	8,012	-
	Huajiayuan Co., Ltd.	Development, investment, sale, leasing of real estate; estate management and loding	824,364 RMB 181,000	(5) (Note 6)	-	-	-	-	55 (Note 13)	100.00% (Note 13)	14 (Note 13) (2) B.	217,399	-
Goldmax Asia Pacific Ltd	Kornerstone Materials Technology Co. Ltd.	R&D, design and manufacture components of TFT-LCD	10,712,380 USD 359,959	(2) (Note 6)	-	-	-	-	(1,387,120)	3.51%	(48,688) (2) B.	121,188	-
Shan-Chih Asset International Holding Co.,Ltd	Tatung Management Consultant (Shanghai) Co., Ltd.	Realty and Leasing Service	238,080 USD 8,000	(2) (Note 6)	238,080 USD 8,000	-	-	238,080 USD 8,000	(12,858)	100.00%	(12,858) (2) B.	221,980	-
San-Chih Asset International (H.K)Holding.,Ltd	Suqian Zhiwei Real Estate Co., Ltd	Realty and Leasing Service	1,184,375	(2) (Note 6)	1,184,375	-	-	1,184,375	(507,780)	0.00%	(507,780) (2) B.	-	-

ATTACHMENT 10-2

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, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Notes 2 and 4)	Carrying Value as of December 31, 2017 (Note 4)	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2017
						Outflow	Inflow						
Chih Sheng Holding HK Limited	Wu-jiang Tatung Electronics Trading Co.LTD	Sales of appliances and electronic production	$162,490 USD 5,460	(2) (Note 6)	$162,490 USD 5,460	$-	$-	$162,490 USD 5,460	$(3,557)	100.00%	$(3,557) (2) B.	$(30,912)	$-
Shan-Chih International Holding Co.	Shan-Chih Wire&Cable Technology (Wujiang) Co., Ltd.	The manufacturing and sales of wire and cable	-	(2) (Note 6)	53,194	-	-	53,194	82,757	0.00%	82,757 (2) B.	-	-
	Tatung (Shanghai) Co.,Ltd	The manufacturing and sales of AC motor, DC motors, AC generators, diesel engine generators, variablespeed motors, inverters and PLCs, transformers, switchboards	750,157	(2) (Note 6)	92,055	-	-	92,055	(70,884)	12.77%	(9,052) (2) B.	94,341	-
	Tatung Compressors (Zhongshan) Co., Ltd.	The manufacturing and sales of reciprocating compressors for freezing and refrigeration	363,268	(2) (Note 6)	69,960	-	-	69,960	(1,188)	20.11%	(239) (2) B.	87,979	-
Tatung (Shanghai) Co.,Ltd	Tatung Cranes (Shanghai) Co., Ltd.	The manufacturing and sales of cranes	42,575 RMB 9,348	(2) (Note 6)	-	-	-	-	5,269 RMB 1,169	45.00%	2,371 (2) B.	24,699 RMB 5,423	-
	Tatung Xin ji (Guangdong) Technology Co., Ltd.	Electrical engineering system installation service	9,109 RMB 2,000	(2) (Note 6)	-	-	-	-	-	100.00%	-	9,109 RMB 2,000	-
Tatung Medical&Healthcare Technologies Inc.	Elite Oxygen And Healthcare Co., Ltd	Sales of Oxygen generator	1,517	(2) (Note 6)	-	1,517	-	1,517	(1,212)	100.00%	(1,212) (2) B.	308	-

Accumulated Investment in Mainland China as of 31-Dec-17	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 9)
$6,978,491	$18,088,882	$50,863,115

Note 1: The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region. (Please specify the name of the company in third region).

(3) Is invested in the company through a third country to reinvest in Mainland China. In addition to the USD 8,000 thousand outward remittance from Taiwan to invest, the remaining amount was reinvested by mainland companies and third region investment company.

(4) Is invested in the company through a third country to reinvest in Mainland China. All funds was reinvested by earning of third sub-regional investment company.

(5) Reinvested by the surplus from a mainland company established through a third region.

(6) Other methods

Note 2: The investment income (loss) recognized in current period:

(1)Please specify if no investment income (loss) has been recognized as still in the preparation stage.

(2)The investment income (loss) were determined based on the following:

A.The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.

B.The financial statements certificated by the CPA of the parent company in Taiwan.

C.Others.

Note 3: Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date.

US dollars exchange rate on December 31, 2017: 29.76000

RMB exchange rate on December 31, 2017: 4.55450

Note 4: The transactions among the consoldiated entities were eliminated in the consolidated financial statements.

Note 5: Reinvested through Forward Investment Co., Ltd. by remitting the ivestment funding and equipment investment.

Note 6: Refer to the investment company name column for third region investment companies.

Note 7: Refer to Attachment 8 for investment percentages in all investees of the Company.

Note 8：Invested by Greater Power Limited, which is invested by GET through Ultra Energy Holding Limited and San Chih Semiconductor Co., Ltd..

Note 9: Calculated by the net worth of the consolidated financial statement of the Company from December 31, 2017.

Note 10：Chunghwa Picture Tubes, Ltd. invest in Mainland China through its subsidiary, Chunghwa Picture Tubes (Bermuda) Ltd. ,Chunghwa Picture Tubes Technology (Group) Co., Ltd. and Kornerstone Materials Technology Co. Ltd. etc.

Note 11：Chunghwa Pictures Display Technology (Fujian) Ltd. was merged into Chunghwa Picture Tubes Technology (Group) Co., Ltd. in July,2017.

The disclosure of net income (loss) of Chunghwa Pictures Display Technology (Fujian) Ltd. and investment income (loss) recognized by the Group were under Chunghwa Picture Tubes Technology (Group) Co., Ltd.

Note 12：PanShiYiYuan Mgmt. Investment (Fuzhou) Co. has completed cancellation of registration on August 11,2017. Hence,the information are only disclosed when they were still exist.

Note 13：Vibrant Display Technology CO., Ltd, subsidiary of the Company, established Fujian Huajiayuan Real Estate Co., Ltd. in November 2017.

Attachement 11

Intercompany Relationships and Significant Intercompany Transactions

Individual transaction amounts less than $100 million will not be disclosed; instead they will be disclosed as other assets or liabilities and income or expense , while the relative transactions will not be disclosed

Number (Note 1)	Company Name	Counter Party	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Sales	$3,362,693	Note 7	4.45%
0	Tatung Co., Ltd	Tatung Consumer Products (Taiwan) Co., Ltd.	1	Account receivable	1,740,419	-	0.76%
0	Tatung Co., Ltd	Green Energy Technology Inc.	1	Sales	169,716	Note 7	0.22%
0	Tatung Co., Ltd	Green Energy Technology Inc.	1	Account receivable	110,025	-	0.05%
0	Tatung Co., Ltd	Green Energy Technology Inc.	1	Other receivable	989,537	-	0.43%
0	Tatung Co., Ltd	Tatung Company of Japan, Inc.	1	Sales	571,290	Note 7	0.76%
0	Tatung Co., Ltd	Tatung Electric Company of America, Inc.	1	Sales	152,368	Note 7	0.20%
0	Tatung Co., Ltd	Tatung (Shanghai) Co.,Ltd	1	Sales	116,210	Note 7	0.15%
0	Tatung Co., Ltd	Chunghwa Picture Tubes Co.& Consolidated subsidiary	1	Sales	115,389	Note 7	0.15%
0	Tatung Co., Ltd	Shan-Chih Asset Development Co.	1	Other receivable	453,453	-	0.20%
0	Tatung Co., Ltd	Tatung Information Technology (Jiangsu) Co., Ltd.	1	Other receivable	559,330	-	0.24%
1	Tatung Company of Japan, Inc.	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Sales	1,681,454	Note 7	2.23%
1	Tatung Company of Japan, Inc.	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Account receivable	933,686	-	0.41%
1	Tatung Company of Japan, Inc.	Tatung Co., Ltd	2	Sales	423,593	Note 7	0.56%
1	Tatung Company of Japan, Inc.	Tatung Co., Ltd	2	Account receivable	202,628	-	0.09%
2	Tatung (Shanghai) Co.,Ltd	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Sales	225,460	Note 7	0.30%
2	Tatung (Shanghai) Co.,Ltd	Tatung Co., Ltd	2	Sales	146,401	Note 7	0.19%
3	Shan-Chih Asset Development Co.	Tatung Co., Ltd	2	Sales	239,048	Note 7	0.32%
4	Forward Electronics Co., Ltd & Consolidated subsidiary	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Sales	420,046	Note 7	0.56%
4	Forward Electronics Co., Ltd & Consolidated subsidiary	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Account receivable	120,362	-	0.05%
5	Tatung System Technologies Inc. & Consolidated subsidiary	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Sales	119,639	Note 7	0.16%
6	Tatung Forever Energy Co., Ltd.	Tatung Co., Ltd	2	Sales	147,743	Note 7	0.20%
7	Toes Opto-Mechatronics Co.	Chunghwa Picture Tubes Co.& Consolidated subsidiary	3	Sales	150,829	Note 7	0.20%

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

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.