Stock Code: 6259

BULL WILL Co., Ltd.

2018 Annual Report

Reference of the Annual Report, see website:

http://mops.twse.com.tw

http://www.bullwill.com.tw

May 27, 2019

The Company's annual report is printed on recycled environmental paper, together we are making a contribution to protect the earth's environment!

1. Spokesperson

Name: Wei-Chang Lo

Job Title: Chief Financial Officer

Tel: (02) 8792-7788

Email: grant@bullwill.com.tw

Acting Spokesperson

Name: Li-Ju Hung

Job Title: Audit Supervisor

Tel: (02) 8792-7788

Email: liju@bullwill.com.tw

2. Address and Telephone Number of Head Office

Head Office Add: 3F., No. 199, Ruihu St., Neihu Dist., Taipei City 114

Tel: (02) 8792-7788

3. Name, Address, Website and Telephone Number of the Stock Transfer Institution

Name: Mega Securities CO LTD / Department of Stock Affairs Agent

Add: 1F., No. 95, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100

Tel: (02) 3393-0898

Web: http://www.emega.com.tw

4. Name, Firm Name, Address, Web Site and Telephone Number of the Cpa of the Most Recent Annual Financial Report

CPA Name: Kuang-Hui Chen; Yu-Lin Yao

CPA Firm: ShineWing Taiwan

Add: 11F., No. 1, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105

Tel: (02) 7706-4888

Web: http://www.swtw.com.tw

5. Name of trading place where overseas marketable securities are listed for trading and how to obtain information about the overseas marketable securities: None

6. Company's Website: http://www.bullwill.com.tw

BULL WILL CO LTD

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Chapter 1. Report to Shareholders

Facing numerous challenges from the market and business environment, with the joint effort of all employees, Bull Will Co., Ltd. in 2018 continuously enhanced its competitiveness in the magnetic component domain and strove for cost saving and profit making. The Company's 2018 operating results are shown below:

The Company's 2018 revenue was NT$268,781,000, which was NT$64,881,000 less (19.45%) than 2017's NT$333,662,000. For consolidated revenue, the 2018 revenue was NT$245,875,000, which was NT$41,079,000 less (14.32%) than 2018's NT$286,954,000. The Company's 2018 after-tax net loss was NT$21,026,000, which was NT$34,668,000 less (62.25%) than 2017's NT$55,694,000. The basic earnings per share was NT$(0.19). This comprehensive income after-tax net loss was NT$21,173,000, which was NT$31,256,000 less (59.62%) than 2017 comprehensive income after-tax net loss NT$52,429,000.

I. 2018 Business results

(I) Business plan implementation outcome

* Parent company only financial report Unit: NT$1,000

Items	2018 amount	2017 amount	% increase or decrease
Operating revenue	268,781	333,662	(19.45)
Operating Cost	(234,501)	(295,163)	(20.55)
Realized (unrealized) gain from sales	(122)	388	(131.44)
Operating Margin	34,280	38,887	(11.85)
Operating Expenses	(44,474)	(48,996)	(190.77)
Operating (loss) profit	(10,316)	(10,109)	(2.05)
Non-operating income net loss	(9,280)	(22,641)	59.01
Pre-tax net loss	(19,596)	(32,750)	40.16
Current net losses	(21,026)	(55,694)	62.25
Other comprehensive income (after-tax net amount)	(147)	3,265	(104.50)
Current Total Comprehensive Profit and Loss	(21,173)	(52,429)	59.62

* Consolidated financial statements Unit: NT$1000

Item	2018 amount	2017 amount	% increase or decrease
Operating revenue	245,875	286,954	(14.32)
Operating Cost	(198,751)	(232,237)	(14.42)

Operating Margin	47,124	54,717	(13.88)
Operating Expenses	(74,701)	(81,948)	(8.84)
Operating Loss	(27,577)	(27,231)	1.27
Non-operating income net (loss) income	8,966	(8,761)	202.34
Pre-tax net loss	(18,611)	(35,992)	(48.29)
Profit and loss of suspended operations	(92)	(97)	(5.15)
Net loss	(20,600)	(59,214)	(65.21)
Other comprehensive income (after-tax net amount)	(1,087)	4,378	124.83
Current Total Comprehensive Profit and Loss	(21,687)	(54,836)	(60.45)
Net income (loss) attributed to: Owners of the parent company	(21,026)	(55,694)	(62.25)
Total comprehensive income (loss) attributable to: Owners of the parent company	(21,173)	(52,429)	(59.62)

1. The consolidated operating revenue of 2018 was NT$245,875,000, which was NT$41,079,000 less than the consolidated operating revenue of 2017 (NT$286,954,000), and that was mainly because the intense competition in the industry had caused a reduction in the Company’s low-profit business orders. As a result, the Company's operating revenue of 2017 was 14.32% lower than the year before, yet the gross margin increased slightly.

2. The consolidated operating loss of 2018 was NT$27,577,000, which was NT$27,231,000 more than the consolidated operating loss of 2017. This is mainly because the gross profit reduced as the revenue decreased. The Company also put effort into reducing the cost, and as a result, its personnel expense has dropped. Meanwhile, because the factories put effort into enhancing the efficiency, the gross profit went up slightly.

3. The 2018 consolidated non-operating net income was NT$8,966,000, which was NT$8,17,727,000 more than 2017’s (8,716,000). This is mainly because of an increase in the “other income,” which can be attributed to an increase of foreign currency exchange gain and the recovery of customers’ overdue accounts payable because of USD’s appreciation.

(II) Budget implementation: The Company does not need to announce the financial forecast in 2018.

(III) Financial income and profitability analysis

* Parent company only financial statements

Analysis Items \ Year			Financial analysis 2018	Financial analysis 2017
Financial structure	Debt to assets ratio (%)		56.24	54.32
	Long-term funds to fixed assets (%)		5,324.69	4,439.6
Profitability	Return on assets (%)		(6.28)	(14.18)
	Return on Shareholder Equity (%)		(14.69)	(36.85)
	Proportion of Ratio of Paid-In Capital (%)	Operating Profit	(0.93)	(0.91)
		Net Profit Before Tax	(1.76)	(2.94)
	Net Profit Margin (%)		(7.82)	(16.69)
	After-Tax Earnings Per Share (NT$)		(0.19)	(0.68)

* Consolidated financial statements

Analysis Items \ Year			Financial analysis 2018	Financial analysis 2017
Financial structure	Debt to assets ratio (%)		45.89	48.17
	Long-term funds to fixed assets (%)		1,670.34	1,505.13
Profitability	Return on assets (%)		(8.99)	(18.26)
	Return on Shareholder Equity (%)		(16.12)	(43.15)
	% Paid-In Capital	Operating Profit	(2.48)	(2.46)
		Net Profit Before Tax	(1.68)	(3.24)
	Net Profit Margin (%)		(8.38)	(20.64)
	After-Tax Earnings Per Share (NTD)		(0.19)	(0.68)

(IV) Research and development

Bull Will Co., Ltd has been working actively on developing the following products:

(1) Generation II PHD structure design: The goal is for reducing the cost and increasing the gross margin of products. Related products and designs have been patented at the beginning of 2017 in ROC (TW M529255U) and in PROC (CN 205828086U)

(2) The Company has continued working on the design of high-power reactors, which can be applied on energy regeneration and DC_AC inverters of charging piles.

(3) Introducing the design of nanocrystalline magnetic material: The material can be applied on the common mode noise suppression of high-power power converters for expanding the Company's CMC (common-mode-choke) product line.

Bull Will products development direction:

(1) The Company’s engineering technology and resources are integrated, and the research and development engineers provide custom-tailored product design services.
(2) The Company continues developing PFC chokes of high reliability and efficacy.
(3) The Company continues developing high-performance and high-power reactors.
(4) The Company applies the patented design of generation II PHD structure on various power inductor products.
(5) The Company collaborates with contractors on developing high performance common-mode inductors of the flat-wire type.
(6) The Company applies flat wires on inductors with a large current output.

2. Summary of 2019 business plan

(I) Business guidelines

1. The Company has actively searched for strategic partners: To expand the business scope, the Company, guided by experts from the industry and securities underwriters, actively seeks alliance with companies in the same industry or different industries to enlarge the Company's business scope.
2. Considering the current financial status, the Company actively explores customers with millions-dollars sales potentials and develops non-Taiwanese clientele to reduce business risk while boosting the added value and profits.
3. According to market trends and customer requirements, the Company has set up a factory in Guangdong to control the delivery date, quality, cost, and other performance targets. The Company also works on developing the production and self-manufacturing capacity of its self-designed products.
4. The Company spurs business growth according to the following logos symbolizing the Company's four key competitive advantages:
   - Comprehensive and complete product series for all domains of applications: Our products range from as small as SMD power inductors to as big as reactors providing tens of kilowatts and covering a wide range of frequency.
   - Fast research and development services: The research and development laboratory in Taiwan assists customers in developing new generation products, while the factories in mainland China produce samples and implement mass production.
   - Good employee stability at the production base: A high percentage of employees at the production base are local residents with a low turnover rate.
   - High cost-performance ratio-based product design: The Company rigorously controls the quality of the raw materials, establishes a strategic collaboration with core vendors, and ensures that the R&D engineers are familiar with the performance indicators of various magnetic materials so they can choose the most suitable materials at the best prices.

(II) Expected sales quantity and the references:

1. Currently, the Company's primary products are electromagnetic wave suppression components and power-type magnetic components. These products are basic components that continuously provide stable revenue and gross margin with the growth of market and a stable customer base. This year, the Company will continue working on developing high-power, high-performance reactors made of composite materials, high-reliability power inductors for automobiles, and low-cost, high-performance PHD products.
2. To adapt to system vendors' and customers' moving of their factories to China and to develop the huge market there, the Company has set up production and sales and marking units in Boluo County in Huizhou, Guangdong to have easy access to the customers there for service and business development.
3. Based on the Company's competitive advantages, the current sales target is set based on the average monthly turnover and gross margin. With the implementation of a lean organization and reduction of unnecessary expenditures, the 2019 gross profit is expected to be higher than that of 2018's.

(III) Impact of market competition, the legal environment, and the overall business environment

The Company has been facing challenges of market competition and impacts of laws and regulations as well as the overall business environment ever since its foundation. Operating performance is indeed affected by external competitions and factors such as increasing labor cost in China, increasing raw material price, new laws and regulations imposed by authorities-in-charge of securities, domestic and international environmental protection regulations, and the dynamic and rapidly changing global business environment. To cope with these changes, the Company not only complies with new laws and regulations imposed by authorities-in-charge of securities and ensures its manufacturing environment, suppliers, and products are in compliance with domestic and international environmental protection regulations, we also strive to enforce cost control, improve the manufacturing process to increase efficiency, expand our capacity to lower the production cost, and closely monitor our customers' demands to better plan our purchase of raw materials, with the aim to increase the Company's overall competitiveness.

(IV) Important production and sales policies and future company development strategies:

1. In terms of strengthening our foundation, maintaining the gross margin is the primary consideration. Therefore, achieving comprehensive services and recognizing and introducing new machines are the key measures.
2. In terms of business development, the goal this year is continuous growth and better serving each customer.
3. In terms of cost saving, integration of the factories will help reduce costs and enhance efficiency. As a result, gross margin is expected to continuously increase.

4. The setting of sales targets will be based on the current average monthly turnover and gross margin. With an emphasis on boosting the production and sales of self-owned PHD products, sales targets will be gradually increased every season to encourage business development and the appropriate allocation of sales quota to sales personnel.

The Company's management team and all employees value deeply its shareholders' and the public’s great expectations for the Company. In 2018, as a result of the Company’s implementation of cost saving, income source broadening, and personnel and management expense reduction, the personnel and management expenses were reduced by 8.84%. Integration of factories in mainland China helped reduce expenses and improve efficiency. As a result, the gross margin improved slightly. In the future, the Company will strive to enhance operating efficiency, dedicate resources to developing the Company's patented PHD products, adjust product combinations, and elevate revenue and profits. In addition, the Company will conduct more R&D for its products to increase Bull Will’s core competitiveness. Aside from improving product quality and production efficiency, the Company will look for strategic investors for shareholding to take advantage of their expertise and experiences for Bull Will’s technology development, production capacity expansion, brand distribution expansion, while boosting the marginal benefit of vertical or horizontal integration and increasing the Company’s value and profitability. The Company believes, with the joint effort of all employees, we will create the optimal value for its customers, shareholders, and employees.

Chairperson:Chang Chieh-min; Manager: Lee Tai Hsiang; Accounting manager: Lo Wei-chang

Chapter 2. Company Profile

I. Founding date: December 20th, 1993

II. Company History

- 1993 — 1. The founding of Bull Will Co., Ltd. in Taipei City with an initial capital of NT$6,000,000. 2. The main business was general import and export.

- 1995 — Distributor of electronic component products of North-West Electrical (NWE) Co., Ltd. and TAI-TECH Advanced Electronics Co., Ltd.

- 1996 — Distributor of JTS's (Japan Technical Support) electronic component products.

- 1995 — Set up office in Dongguan, China.
  Agency and seller of Niigata Seimitsu's electronic component products.
  Authorized as the Taiwan international purchase office by Hoei Denki Co., Ltd. Also served as the agency and seller of its electronic component products.
  Capital increased by cash of NT$9,000,000, reaching a total paid-in capital of NT$15,000,000.

- 1998 — Agency and seller of Fuji Electric Co., Ltd.'s electronic component products.
  Authorized as the Taiwan international purchase office by Denken Sangyo Co., Ltd.
  Capital increased by cash of NT$15,000,000, reaching a total paid-in capital of NT$30,000,000.

- 1999 — Agency and seller of Toho Zinc Co., Ltd., International L. L. Co., Ltd., and TOYO KAGAKU Inc.'s electronic component products.

- 2000 — Authorized by Niigata Seimitsu, Kowa Kasei Co., Ltd., and Toho Zinc Co., Ltd. as the Taiwan international purchase office.
  Authorized by Daishin Co. Ltd as seller of its electronic component products.
  Raised nominal capital to NT$100,000,000 and increased paid-in capital by cash to NT$60,000,000 for expansion with an aim of sustainable development.
  Purchased new office building on Rui-guang Road in Neihu as the company headquarter.

- 2001 — Set up anechoic chamber.
  Established R&D center.

Capital increased by retained earnings of NT$20,070,000 and capital increased by cash of NT$18,000,000, a total of capital increase of NT$38,070,000, reaching a paid-in capital of NT$98,070,000 after increase. An application was filed with SFI for a supplementary public listing and was granted in early July.
Set up Bull Will Co., Ltd. in Samoa.

● 2002 Invested in Bull Will Shanghai International Co. Ltd (China).
Capital increased by retained earnings of NT$328,110,000, capital increased by capital surplus of NT$98,700,000, and capital increased by cash of NT$68,649,000, reaching a total paid-in capital of NT$209,337,000 after increase.
ERP system roll-out.
Established wireless communication unit and optical communication unit.
Added two independent directors and one independent supervisor in compliance with law.

● 2003 Re-invested in setting up Baiyi International Co. Ltd.
Re-invested in Lighthouse Technology Co., Ltd.
Listed on emerging market in September.
New business of distributing Magicstor micro drives.
New business of distributing MStar LCD monitor chips.
New business of distributing Partsnic TV tuners.
New business of distributing Enterasys networking equipment
Capital increased by retained earnings of NT$23,889,050, reaching a total paid-in capital of NT$233,226,050 after increase.
Re-invested in G-Plus.
Issued employee stock options of 2,000,000 shares.

● 2004 New business of distributing Gamma semiconductor-related products
Re-invested in setting up Japan Bull Will Corporation
The first domestic issuance of unsecured convertible bonds of a total value of NT$280,000,000 in July.
Capital increased by retained earnings of NT$29,907,820, and the first domestic convertible bonds converted to common shares of NT$1,198,330, reaching a total paid-in capital of NT$264,332,200 after increase.

● 2005 Reinvested in setting up FLEXium Interconnect, Inc.
New business of distributing Hauppauge TV tuner in Japan and Taiwan.
Issued employee stock options of 1,847,000 shares.

● 2006 Dissolution of Baiyi International Co. Ltd.

Dissolution of FLEXium Interconnect, Inc.
Invested in Jiapeng Electronics Co. Ltd. and expanded into the electronic toy domain.
Sold 82% of shares of Japan Bull Will Corporation.
Set up Bull Will International Co., Ltd.
Set up Huizhou Jun Chao Electronic Co., Ltd.

● 2007

Completed 2006 private offering of 15,000,000 shares and capital increased by cash, 100% subscribed.

Treasury stock of 2,369,000 shares transferred to employees.

Completed private offering and capital increased by cash in June, issued 12,500,000 new shares in August.

Issued employee stock options of 5,396,000 shares.

● 2008

Sold 8th floor offices in the company building.

Reduced capital to make up for losses of NT$111,226,190.

● 2009

Completed private offering and capital increased by cash in July and October. Issued 15,700,000 new shares.

Liquidated Bull Will Limited and Bull Will Shanghai International Co. Ltd (China).

Employees exercised stock options in Q4. Issued 1,553,000 new shares.

● 2010

Completed private offering and capital increased by cash in June, issued 5,400,000 new shares.

Employees exercised stock options. Issued 1,931,000 new shares.

Set up Dongguan Zhao Kang Electronic Co., Ltd.

Set up Huizhou Bullwill Electronic Co., Ltd.

● 2011

Issued employee stock options of 6,900,000 shares.

Set up R&D Office.

Set up BULL WILL (Hubei) Electronics Co., Ltd.

Set up Huizhou Bai Qin Electronics Co., Ltd.

Employees exercised stock options. Issued 855,500 new shares.

Set up Compensation Committee.

● 2012 Acquired 55% of shares of Baixin Hetai Investment Co., Ltd. and set up Huizhou Baixin Hetai Electronics Co., Ltd., of which Detai Electronics Co., Ltd. in Changde, Hunan is in holding.
TipTop ERP system roll-out.
Reduced capital to make up for losses of NT$218,110,000.
Dissolution of BULL WILL (Hubei) Electronics Co., Ltd.

● 2013 Invested in Dongguan Peibo Electronic Co., Ltd.

● 2014 Employees exercised stock options. Issued 2,574,500 new shares.
Disposal of the 66.25% shares of Dongguan Zhao Kang Electronic Co., Ltd.
Disposal of the 55% of shares of Baixin Hetai Investment Co., Ltd. and Detai Electronics Co., Ltd. in Changde, Hunan in its holding.
The second domestic issuance of secured convertible bonds of a total value of NT$250,000,000 and capital increased by cash of NT$50,000,000.
The second domestic secured convertible bonds converted to common shares, resulting in the issuance of a total of 9,859,020 new shares.
Capital increased by cash and issuance of 5,000,000 new shares.

● 2015 Employees exercised stock options. Issued 464,500 new shares.
Issued employee stock options of 6,550,000 shares.
The second domestic secured convertible bonds converted to common shares, resulting in the issuance of a total of 6,919,433 new shares.
Set up overseas joint venture subsidiary VISCO and invested in SIGCUS USA INC.
Disposal of the 23.75% shares of Seychelles Peibo Investment Co., Ltd.

● 2016 Liquidation and closure of Huizhou Bai Qin Electronics Co., Ltd.

● 2017 Completed private offering and capital increased by cash. Issued 38,400,000 new shares.

● 2018 Invested in BULL WILL TRADING(S) PTE LTD (48.95% of shares).

III. Major events in 2018 (until the publication date of the annual report) with significant impact on shareholders’ equity or stock price

(1) In 2018 (until the publication date of the annual report), there has been no merger, consolidation, transfer or replacement of shares of directors, supervisors, shareholders holding more than 20%

of shares; or change of management team, management style, or business scope; or any such events with major impact on shareholders' equity and company operation.

(2) In 2018 (until the publication date of the annual report), there has been no events of major impact on shareholders' equity or stock price as specified in Article 36, Paragraph 2, Section 2 of the Securities Exchange Act.

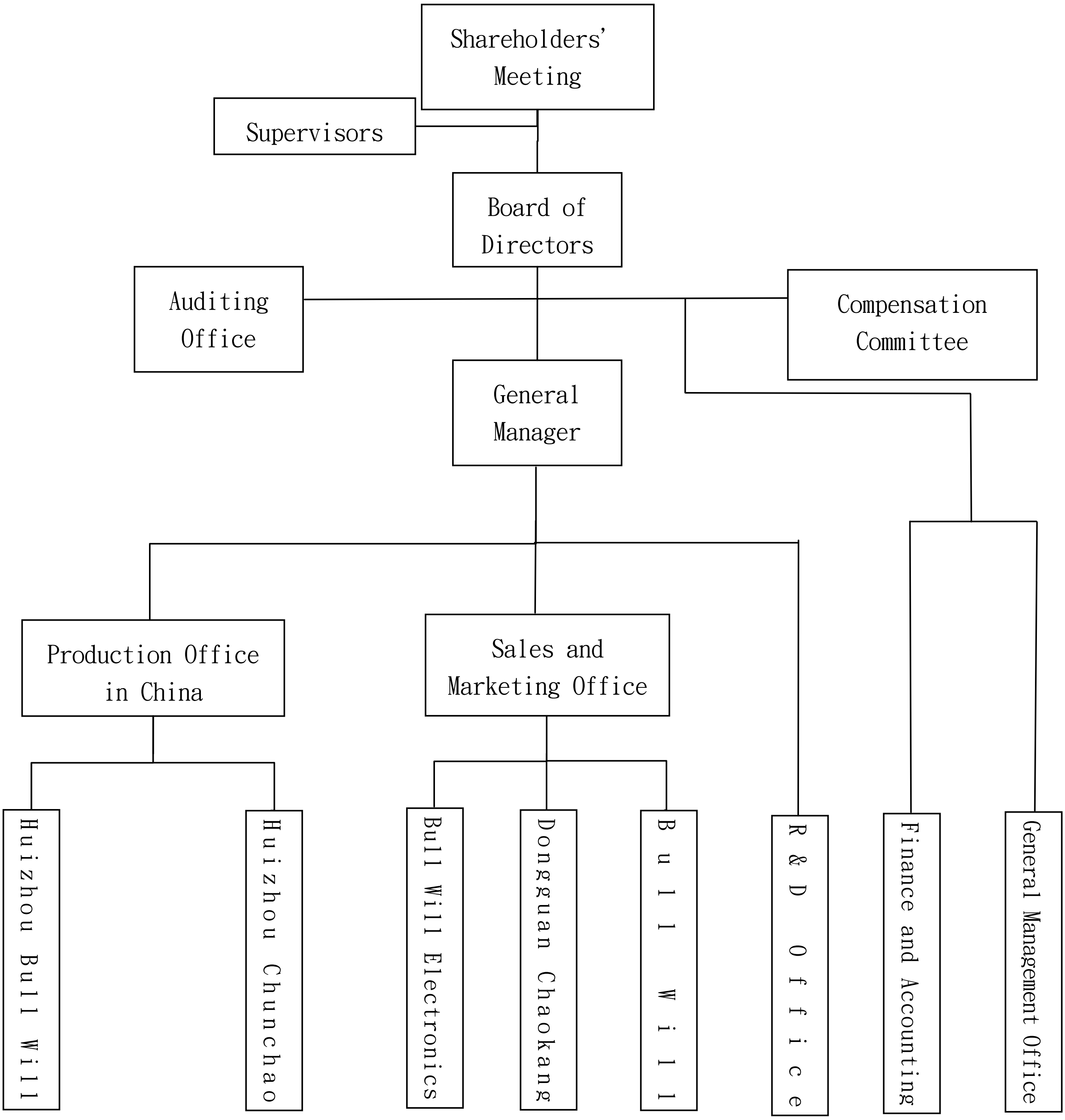
Chapter 3. Corporate Governance Report

I. Organization System

(I) Organizational Structure

Bull Will Group

Organizational Structure Chart



(II) Businesses of Major Departments:

Name	Main Duties
Compensation Committee	Periodically evaluate and review the remuneration of the directors, supervisors, and managers. Establish and periodically revise compensation policies, system, standards, and structure. Periodically review and revise procedures for Compensation Committee.
Chairperson’s Office	Group business development, business planning, and overseeing policy implementation.
General Manager	Overseeing company affairs and establishing policies.
Auditing Office	Setting up, revising, and reviewing the internal audit system. Audit company operations. Examine and evaluate the integrity and effectiveness of the internal audit system.
Production Office in China	Coordinate the Group’s production policies and supply chain management in China and monitor the implementation.
Sales and Marketing Office	Coordinate the development of standardized electronic components and custom-made magnetic components.
Finance and Accounting Office	Coordinate the management and implementation of finance, accounting, and stock related affairs.
General Management Office	Coordinate the management and implementation of human resource, management, and information related affairs.
R&D Office	Coordinate the management and implementation of product technical support, independent R&D related affairs.
Bull Will Electronics	Other distribution business development and planning.
Dongguan Zhao Kang Electronic Co., Ltd.	Other distribution business development and planning.
Huizhou Jun Chao Electronic Co., Ltd.	Production and processing.
Bull Will Electronics	Production and processing, business development, and business planning.

(II) Information of Directors, Supervisors, the General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments

(I) Information of Directors and Supervisors

Information of Directors and Supervisors (I)

April 29th, 2019; Unit: Shares

Job Title	Nationality or Place of Registration	Name	Gender	Elected (Appointed) Date	Term of Office	Date of Initial Elected Date	When Elected Shares Held		Currently Shares Held		Current Shares Held by Spouses and Minor Children		Shares Held in the Name of Other Persons		Background and Experience	Currently Serving Posts in the Company and Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors		
							Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage			Job Title	Name	Relationship
Director	Singapore	Mega International Commercial Bank as the designated depository		2013.06.05	3 years	96.06	17,340,177	15.57%	19,144,375	17.20%	0	0.00%	0	0.00%	--	--	None	None	None

		bank for Serial System Limited Representative: CHANG CHIEH MIN	Male	2017.11.20	3 years	2017.11	0	0.00%	0	0.00%	6,881	0.01%	0	0.00%	Graduated from Law Department of National Taiwan University; Chief of Department of Credit Management, PROTON Electronic Industrial Co., Ltd.; Assistant Manager, Wealth Management Department, Standard Chartered	Chairperson of the Board	None	None	None
		WU MU HSING	Male	2013.06.05	3 years	96.06	0	0.00%	114,262	0.10%	0	0.00%	0	0.00%	President, CEO, Director of Serial System Limited; Certified Electrical Engineering Technician by City & Guilds of London Institute	President of Serial System Limited; Director of Serial System Limited and its re-invested businesses; Chairperson of Serial System Investment Co., Ltd.	None	None	None

		WU SHU CHEN	Male	2013.06.05	3 years	99.08	0	0.00%	0	0.00%	0	0.00%	0	0.00%	BEng Nanyang Technological University, Singapore; Vice President of Serial System Investment Co., Ltd.; Director of Serial Microelectronics Limited and its subsidiaries; Director of Serial Multimedia Co. Ltd.	Senior VP of the Group and COO of Sales of Consumer Goods	None	None	None
Director	Singapore	Huang Shu-hsuan	Male	2015.06.25	--	2015.06	0	0.00%	0	0.00%	0	0.00%	0	0.00%	BAcct. Of National University of Singapore; Member of CPA Australia; Plus LLP; Independent Director of a number of listed companies in Singapore	Partner of Plus LLP	None	None	None

Director	Taiwan R.O.C. Taiwan R.O.C.	Lo Wei-chang	Male	2013.06.05	3 years	102.06	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from Accounting Department, Soochow University; KPMG Taiwan	CFO of the Company	None	None	None
Independent Director	Taiwan R.O.C.	Chan Huo-lien	Male	2014.06.25	3 years	2014.06	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Taichung Municipal Taichung First Senior High School; Deputy General Manager of Fu Burg Industrial Co., Ltd.; Chairperson of Yong-Yi Machinery; General Manager of TCT Construction; Managing Director of Davinci Furniture; Sales Manager of Kimberly-Clark Taiwan.	Consultant, Novena Holdings	None	None	None

Independent Director Director (Note 1)	Taiwan R.O.C.	Lin Tsai-Po	Male	2013.06.05	3 years	2007.06	137,620	0.12%	210,066	0.19%	0	0.00%	0	0.00%	Graduated from Department of Mechanical Engineering, National Taiwan Institute of Technology; MBA, National Taiwan University Chief of Procurement Office, HTC; Deputy General Manager of TPK	Deputy General Manager of Grace T.H.W. Group	None	None	None

Independent Director (Note 2)	Taiwan R.O.C.	Li Hsi-yan	Male	2018.06.28	3 years	2018.06	0	0.00%	0	0.00%	0	0.00%	0		Graduated from Sanno University, Japan; General Manager of Chia-Ho Metal Industrial Co., Ltd.; President of Junior Chamber International Taiwan, 1994; Founding president, Taipei Formosa Lions Club; Director of The Manufactures United General Association of Industrial Park Of R.O.C	General Manager of Chia-Ho Metal Industrial Co., Ltd.; Representative of Chia-Ching Stainless Steel Co., Ltd.	None	None	None
Supervisor	Singapore	Huang Ko-kun	Male	2013.06.05	3 years	2007.06	1,926,686	1.73%	1,926,686	1.73%	0	0.00%	0	0.00%	CFO of Serial System Ltd.; BAcct., Nanyang Technology University	Group Secretary, Serial System Ltd.	None	None	None

Supervisor	Taiwan R.O.C.	Chien Chih-lang	Male	2013.06.05	3 years	2006.06	136,244	0.12%	141,586	0.13%	296	0.00%	0	0.00%	Chairperson of Tong-Ying Constructions; Director of China Century Venture Capital	Chairperson of Chang-Hua Investment Co., Ltd.	None	None	None

The above table shows data as of the date of book closure. Note 1: Resigned 2018.09.25. Note 2: Began term on 2018.06.28.

Major Shareholders of Judicial Person Shareholders

Name of Judicial Person Shareholders	Substantial Shareholders of Judicial Shareholders
Mega International Commercial Bank as the designated depository bank for Serial System Limited	1. GOH BAK HENG 39. 64% 2. GOI SENG HUI 16.13% 3. RAFFLES NOMINEES(PTE) LIMITED 4.55% 4. HO YUNG 2.74% 5. GOH TIONG YONG 2.66% 6. CITIBANK NOMINEES SINGAPORE PTE LTD 1.94% 7. DBS NOMINEES PTE LTD 1. 52% 8. PHILLIP SECURITIES PTE LTD 1. 40% 9. TAN CHENG HWEE OR TAN CHIEW PENG 1.40% 10. CHIN YEOW HON 1.24%

Information of Directors and Supervisors (II)

Conditions / Name	Does the individual have more than 5 years of work experience and the following professional qualifications?			Conformity to Independence (Note 2)										Number of other public corporations in which the person concurrently serves as an independent director.
	Lecturer or above in business, legal, finance, accounting or corporate business in public or private higher education institutions.	Judges, prosecutors, lawyers, accountants or other professionals and technicians who have passed the national examinations and obtained certificates necessary for the business of the company.	Experience in business, legal, finance, accounting or corporate affairs necessary for the business of the company.	1	2	3	4	5	6	7	8	9	10	
Mega International Commercial Bank as the designated depository bank for Serial System Limited Legal representative: CHANG CHIEH MIN			✓				✓			✓	✓	✓		None
Mega International Commercial Bank as the designated depository bank for Serial System Limited Legal representative: WU MU HSING			✓				✓			✓	✓	✓		None
Mega International Commercial Bank as the designated depository bank for Serial System Limited Legal representative: WU SHU CHEN			✓				✓			✓	✓	✓		None
Huang Shu-hsuan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Lo Wei-chang			✓				✓	✓	✓	✓	✓	✓	✓	None
Chan Huo-lien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Lin Tsai-Po (Note 1)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Li Hsi-yan (Note 2)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Huang Ko-kun		✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	None
Chien Chih-lang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1: Resigned 2018.09.25; Note 2: Began term on 2018.06.28.

Note: For each Director or Supervisor who meets the conditions for two years prior to being elected and during his/her term of office, please tick the box "✓" below the corresponding condition(s).

（1）Not employed by the Company or its related companies.
（2）Not a director or supervisor of an enterprise affiliated with the company (except for independent directors appointed by the company or its parent company or subsidiaries pursuant to this act or local laws).
（3）Not a natural person shareholder who on behalf of himself/herself, or whose spouse or minor child, or in the name of another person, holds more than one percent of the total shares issued by the company or is ranked top 10 in terms of number of shares held.
（4）Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.
（5）Not a Director, Supervisor, or employee of a judicial person shareholder that directly holds 5% or more of the total number of issued shares of the Company; or a Director, Supervisor, or employee of a judicial person shareholder that is ranked top 5 in terms of number of shares held.
（6）Not a Director (member of the governing board), Supervisor (member of the supervising board), manager, or shareholder who holds more than 5% of shares of a company or institution with a financial or business relationship with the Company.
（7）Not a professional; or an owner, director, supervisor, manager, or their spouses, of a proprietorship or partnership company or institution; providing business, legal, financial, accounting services or consulting to the Company and its related companies. However, members of the Compensation Committee who perform their duties and powers pursuant to Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter are not subject to this provision.
（8）Not a spouse or a relative within the second degree of kinship with other directors.
（9）Where one of the circumstances in the subparagraph of Article 30 of the Company Act applies.
（10）Where no person is elected by the government, a judicial person, or its representative as provided in Article 27 of the Company Act.

(II) The General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments

April 29, 2019

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shares Held		Spouses and Minor Children Shares Held		Shares Held in the Name of Other Persons		Background and Experience	Currently Serving Posts in Other Companies	Spouse or Second Degree of Kinship as Heads of Departments, Directors, or Supervisors		
					Shares	Shareholding Percentage	Number of shares	Shareholding Percentage	Number of shares	Shareholding Percentage			Title	Name	Relationship
General Manager	Taiwan R.O.C.	Lee Tai Hsiang	Male	2015.12.27	171,000	0.15%	0	0.00%	0	0.00%	Graduated from Department of Applied Physics, Chung Yuan Christian University; Vice President of SHUTTLE Inc.; Factory Director of Lite-On Technology Co., Ltd.	None	None	None	None
General Management Office Assistant Manager	Taiwan R.O.C.	CHOU YING CHUN	Female	100.06.01	44,762	0.04%	0	0.00%	0	0.00%	Graduated from Department of Japanese Language and Culture, Fu Jen Catholic University	None	None	None	None
Deputy Manager of Department of Finance and Accounting	Taiwan R.O.C.	Lo Wei-chang	Male	2011.06.01	0	0.00%	0	0.00%	0	0.00%	Graduated from Accounting Department, Soochow University; KPMG Taiwan	None	None	None	None

Note: The above table shows data as of the date of book closure.

III. Remuneration of Directors, Supervisors, General Manager and Deputy General Managers

(I) Remuneration of Directors, Supervisors, General Manager and Deputy General Managers

(1) Remuneration of Directors (including Independent Directors)

December 31, 2018 Unit: NT$1,000

Job Title	Name	Remuneration of Directors								Percentage of Total Net Profit After Tax of A, B, C, and D		Remuneration Paid to Part-Time Employees								Percentage of Total Net Profit After Tax of A, B, C, D, E, F, and G		Compensation Paid to Directors by a Re-Invested Company Other than the Company's Subsidiary
		Remuneration (A)		Pensions (B)		Director Compensation		Business Allowances (D)				Salary, Bonus and Special Expenses (E)		Pensions (B) (F) (Note 2)		Employee Compensation (G)						
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statement	The Company's The Company's The Company's	Companies in the Consolidated Financial Statements	The Company's The Company's The Company's	Companies in the Consolidated Financial Statements	The Company's	Companies in the Consolidated Financial Statements	The Company's The Company's	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company's	Companies in the Consolidated Financial Statements	
																Cash amount	Stock Amount	Cash amount	Stock Amount			

							s															
Mega International Commercial Bank as the designated depository bank for Serial System Limited Representative		450	450	0	0	0	0	0	0	(2.14%)	(2.14%)	0	0	0	0	0	0	0	0	(2.14%)	(2.14%)	None
Chairperson (Note 1)	CHANG	0	0	0	0	0	0	40	40	(0.19%)	(0.19%)	1,251	1,251	0	0	0	0	0	0	(6.14%)	(6.14%)	None
	CHIEH MIN	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	None
Director (Note 1) Director (Note 1)	WU MU HSING WU	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	None

	SHU CHEN																					
Director	Huang Shu-hsuan	150	150	0	0	0	0	0	0	(0.71%)	(0.71%)	0	0	0	0	0	0	0	0	(0.71%)	(0.71%)	None
Director	Lo Wei-chang	150	150	0	0	0	0	40	40	(0.90%)	(0.90%)	1,689	2,327	98	98	0	0	0	0	(9.40%)	(12.43%)	None
Independent Director	Chan Huo-lien	150	150	0	0	0	0	40	40	(0.90%)	(0.90%)	0	0	0	0	0	0	0	0	(0.91%)	(0.91%)	None
Independent Director (Note 3)	Lin Tsai-Po	187	187	0	0	0	0	0	0	(0.89%)	(0.89%)	0	0	0	0	0	0	0	0	(0.89%)	(0.89%)	None
Independent Director (Note 4)	Li Hsi-yan	0	0	0	0	0	0	20	20	(0.10%)	(0.10%)	0	0	0	0	0	0	0	0	(0.10%)	(0.10%)	None

Note 1: Legal representative of Serial System Limited. Note 2: The Company's contribution to employee's pension account.

Note 3: Resigned 2018.09.25. Note 4: Began term on 2018.06.28.

(2) Remuneration of Supervisor

December 31, 2018 Unit: NT$1,000

Title	Name	Remuneration of Supervisor						Percentage of net profit after tax of A, B, and C		Compensation Paid to Directors by a Re-Invested Company Other than the Company's Subsidiary
		Remuneration (A)		Compensation (B)		Business Allowances (C)				
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	
Supervisor	Huang Ko-kun	100	100	0	0	0	0	(0.48%)	(0.48%)	None
Supervisor	Chien Chih-lang	100	100	0	0	30	30	(0.62%)	(0.62%)	None

(3) Remuneration of General Manager and Deputy General Manager

December 31, 2018 Unit: NT$1,000

Title	Name	Salary (A)		Pensions (B) (Note)		Bonuses and Special Expenses (C)		Employee Compensation Amount (D)				Percentage of Net Profit After Tax of A, B, C, and D (%)		Compensation Paid to Directors by a Re-Invested Company Other than the Company's Subsidiary
		The Company's The Company's The Company's	Companies in the financial reports Companies in the financial reports Companies in the financial reports Companies in the financial reports The Company's	The Company's The Company's The Company's	Companies in the financial reports	The Company's The Company's The Company's	Companies in the financial reports	The Company		Companies in the financial reports		The Company's The Company's The Company's	Companies in the financial reports Companies in the financial reports Companies in the financial reports	
								Cash amount	Stock Amount	Cash amount	Stock Amount			
General Manager	Li, Tai-hsiang	1,619	1,619	87	87	0	0	0	0	0	0	(8.11%)	(8.11%)	None

Note: The Company's contribution to employee's pension account.

(4) Name of manager in charge of distribution of compensation to employee and details about distribution

December 31, 2018 Unit: NT$1,000

	Title	Name	Stock Amount	Cash amount	Total amount	Percentage of Net Profit After Tax (%)
Manager	General Manager	Lee Tai Hsiang	0	0	0	0.00%
	Assistant Manager of General Management Office	Chou, Ying-chun				
	Assistant Manager of Department of Finance and Accounting	Lo Wei-chang				

(II) Compare and analyze the percentages of net profit after tax in the individual financial reports of the compensation paid to Directors, Supervisors, the General Manager, and Deputy General Manager in the recent two years; and explain the compensation policy and criteria, as well as the procedures for combining and setting the compensation, and their relevance to business performance and future risks.

1、Analysis of the total amount of remuneration paid by the Company to the Directors, Supervisors, General Manager, and Deputy General Managers of the company as a percentage of net profit after tax as below.

Title	2018 Percentage of individual Net Profit After Tax (%)		2017 Percentage of individual Net Profit After Tax (%)	
	The Company	Companies in the Consolidated financial	The Company	Companies in the Consolidated financial

		statements		statements
Director	(20.29)	(23.32)	(8.34)	(8.93)
Supervisor	(1.10)	(1.10)	(0.39)	(0.36)
General Manager and Deputy General Manager	(8.11)	(8.11)	(6.14)	(5.77)

2、 The compensation policy and criteria, the procedures for combining and setting the compensation, and their relevance to business performance and future risks.

Items	Directors and Supervisors	General Manager and Deputy General Manager
Compensation policy	According to the Article of Incorporation, the Board of Directors are authorized to determine the total amount of their compensation based on their level of involvement in the Corporation's operations, the value of their contributions, and the average level of compensation for Directors and Supervisors in this industry sector.	Based on rules of payroll management and performance appraisal
standards and combinations	Distributed based on number of directors and supervisors	Salary, allowances, and other allowances
Procedures for setting	Reviewed by Compensation	Approved based on their

remuneration	Committee, submitted to Board of Directors to draw up a proposal of distribution of surplus earnings, and submitted to shareholders' meeting for a resolution.	professional and academic background, seniority, and authority
Relevance to business performance and future risk	Depending on the Company's business performance and profitability.	Based on management performance, effectiveness, and level of contribution

IV. Operations of Corporate Governance

（一） Operations of the Board of Directors

From 16 June 2016 to 15 June 2019

The Board of Directors has held 8 meetings (A) in 2018 and the attendance of directors and supervisors is as follows:

Title	Name	Number of attendances in person (B)	Number of proxy attendance	Ratio of attendance in person (B/A)	Note
Legal Person Representative of the Chairperson: Hai-Ni Chen	CHANG CHIEH MIN	1	0	12.50%	(Note 1)
Legal Person Representative of the Director: Hai-Ni Chen	WU MU HSING	6	0	75.00%	(Note 1)
Legal Person Representative of the Director: Hai-Ni Chen	WU SHU CHEN	1	0	12.50%	(Note 1)
Director	Huang Shu-hsuan	7	0	87.50%	--
Director	Lo Wei-chang	8	0	100.00%	--
Independent Director	Lin Tsai-Po	0	2	0.00%	(Note 2)
Independent Director	Chan Huo-lien	8	0	100.00%	--
Independent Director	Li Hsi-yan	4	0	50.00%	(Note 3)
Supervisors	Huang Ko-kun	5	0	62.50%	--
The Supervisors	Chien Chih-lang	6	0	75.00%	--

her items that shall be recorded:

Matters specified in Article 14-3 of the Securities and Exchange Act, and any other matters where an independent director has a dissenting opinion or qualified opinion noted in the minutes of the directors meeting, shall be submitted to the board of directors for approval by resolution. The date of board meeting, session number, content of proposals, and all opinions of independent directors, and the Company’s response to independent directors’ opinions shall be documented in detail. Please refer to rules about important resolutions of shareholders’ meeting and board of Directors’ meeting on p.53-57 .

2. Directors abstaining from voting as a result of conflict of interests, the name of the Directors, the content of the proposal, reasons for recusal due to conflict of interests, and the results of voting counts shall be stated: None.
3. Objectives of strengthening board functions in the current and most recent years (e.g., setting up Audit Committee, improving information transparency, etc.) and performance evaluation:
   1. Strengthening the functions of the Board of Directors:
      1.1. To reinforce corporate governance and enhance the compensation system for Directors, Supervisors, and Managers, the Compensation Committee was founded on December 5th, 2011.
      1.2. The functioning of the Board of Directors is in accordance with “Rules and Procedures of Board of Directors Meetings.” Board meetings are also held in accordance with the rules and procedures in good order.

1.3. Further education of Directors and Supervisors: Classes are offered to Directors and Supervisors to help them stay ahead in their professional realm. 2. Evaluation of implementation: To increase information transparency, all key information about the operation of the Company will be disclosed in the Market Observatory Post System to protect shareholders' equity.

Note 1: Legal (Judicial) Person Representative for Serial System Ltd.
Note 2: Resigned 2018.09.25.
Note 3: Began term on 2018.06.28.

(II) The Operation of the Audit Committee or the Involvement of the Supervisors in the Operation of the Board of Directors:

1. The Company does not currently have an Audit Committee.
2. The Involvement of the Supervisors in the Operation of the Board of Directors:
   Current term of office: From 16 June 2016 to 15 June 2019

The Board of Directors has held 8 meetings (A) in 2018, and the attendance of the supervisors is as follows:

Title	Name	Number of Actual Attendance (B)	Rate of Actual Attendance (%) (B/A)	Note
Supervisors	Huang Ko-kun	5	62.50%	--
Supervisors	Chien Chih-lang	6	75.00%	--
Other items that shall be recorded: I. Composition and duties of the Supervisors: （一）Communication between the Supervisors and shareholders and employees: Supervisors believe, when necessary, they shall communicate directly with employees and shareholders. （二）Communication between the Supervisors and audit supervisors and auditing accountants: 1. Audit supervisors submit report or inform the Supervisors. The supervisors have no dissenting opinion. 2. Audit supervisors attended the Board meeting and made presentations. Attending Supervisors can express their opinion directly at the meeting for discussions, facilitating good communication. Material violation of rules and regulations will be immediately reported in writing by the audit personnel to the Supervisors. 3. Supervisors and audit supervisors will communicate occasionally face-to-face or by phone on the financial status of the Company. II. If the Supervisors attend the Board meeting and express an opinion, it shall state the date, session number, content of the proposal, result of the resolution of the Board of Directors and the company's handling of the supervisor's statement: No such situation.				

（三）The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEx Listed Companies, and the reason for any such departure

Evaluation Items	Implementation Status (Note 1)			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary and Explanation	
I. Does the company establish and disclose a code of practice of corporate governance in accordance with the "Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies?"		V	The Company does not have a code of practice of corporate governance in place, but the related functioning is in accordance with "Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies."	No material departure.
II. Equity Structure and Shareholders' Equity of the Company (I) Does the Company have internal procedures in place to handle shareholders' suggestions, questions, disputes, and lawsuits, and implement these procedures accordingly? (II) Does the Company have a list of its major shareholders and a list of actual controllers of the major shareholders? (III) Does the Company establish and implement risk management and firewall mechanisms with related companies? (IV) Does the Company have internal rules that prohibit insiders from trading securities using market information that is not publicly available?	V V V V		(I) The Company has a spokesperson, deputy spokesperson, and stock agency to handle shareholder related issues. Where legal procedures are involved, the Company's general counsel will be asked to assist. (II) The stock agency and stock affair personnel in the Company handle all related issues. The Company monitors closely the shareholding of Directors, Managers, and major shareholders holding 10% or above of the Company's shares, and declare major shareholding. (III) The Company has an internal control system in place and implements it in accordance with law. (IV) The Company has established "Procedures for the Prevention of Insider Trading" to prevent insider trading.	No material departure.
3. Composition and Responsibilities of the Board of Directors (I) Does the Board of Directors formulate and implement a diversification strategy for its membership? (II) Besides the Compensation Committee and	V V		(I) Each Director has different expertise in different domains that is helpful to the development and operations of the Company. (II) In addition to setting up a Compensation Committee in accordance with law, the	No material departure.

Evaluation Items	Implementation Status (Note 1)			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary and Explanation	
Audit Committee, does the company voluntarily set up other functional committees? (III) Does the company have procedures for performance evaluation of the Board of Directors and its evaluation method, and the performance evaluation is conducted regularly every year? (IV) Does the company regularly assess the independence of its auditing CPAs?	V V		governance and operation of the Company is delegated to the responsible departments. The Company will consider the necessity of setting up other functional committees according to actual needs. (III) Procedures for performance evaluation of the Board of Directors and its evaluation method have not been set up and will be considered in the future. (IV) The Company regularly assesses the independence of its auditing CPAs and the CPAs have provided a "Statement of Independence" to the Company.	
IV. Does the TWSE & TPEx listed company have designated units or personnel in charge of corporate governance related issues (including but not limited to providing the Directors and Supervisors the information necessary for them to perform their duties, hold Board of Directors' meetings and shareholders' meetings in accordance with law, register the Company, make meeting minutes for Board meetings and shareholders' meetings, and etc.)?			The Company has appointed accounting supervisor, Lo Wei-chang, as the corporate governance officer.	No material departure.

Evaluation Items	Implementation Status (Note 1)			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary and Explanation	
V. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), set up a special area for stakeholders on the company website, and properly respond to the important issues of corporate social responsibility the stakeholders are concerned about?	V		(I) The Company has a spokesperson and deputy spokesperson whose contact information is available in the Market Observatory Post System. In addition, finance and stock related information is announced on the company website to establish communication channels with stakeholders with respect for their legal rights. (II) The Company has dedicated contact persons for suppliers who check and monitor transactions of the suppliers as well as serve as communication channels with the suppliers. (III) The Company has a special area for stakeholders on the company website to respond to the important issues of corporate social responsibility the stakeholders are concerned about?	No material departure.
VI. Does the company appoint a professional stock agency to handle the affairs of the Board of Shareholders?	V		The Company appoints stock agency, Mega Securities, to handle its stock related issues; and established "Procedures for Handling of Stock Affairs" to guide related processes.	No material departure.
VII. Information Disclosure (I) Does the company have a website that discloses financial and corporate governance information? (II) Does the company adopt other methods of information disclosure (such as setting up an English website, appointing a person to be responsible for the collection and disclosure of company information, implementing a spokesperson system, and	V V		(I) Information is made transparent. In addition to the financial information disclosed on the company website Www.bullwill.com.tw, links to the Market Observatory Post System are provided. (II) The Company has appointed departments to be responsible for the collection and disclosure of company information and has spokesperson in	No material departure.

Evaluation Items	Implementation Status (Note 1)			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies
	Yes	No	Summary and Explanation	
placing judicial person briefings on the company website)?			place and reported their information in accordance with the regulations.	
(VIII) Does the Company have other important information to understand the current status of corporate governance implementation (including but not limited to, employee rights, employee care, investor relations, supplier relations, further education of Directors and Supervisors, implementation of risk management policies, and risk measurement standards, implementation of customer policies, whether the Company purchases liability insurance for Directors and Supervisors, etc.)?	V		(一)Employee rights: The Company always treats its employees with honesty and trust, and safeguards their legal rights by the Labor Standard Laws. (II) Employee care: The Company has many benefits and a raining system for employees, and has relationship of mutual trust with them. For example, subsidizing employee club activities, provide cultural and recreational entertainment, and health care subsidies. (III) Investor relations: The Company has a Stock Affair Office for handling shareholders' suggestions. (IV) Supplier relations: The Company maintains good relationship with suppliers. (V) Rights of persons of conflict of interest: Persons of conflict of interest can communicate and make suggestions to the Company to assert their legal rights. (VI) Further education of Directors and Supervisors: All Directors and Supervisors of the Company attend classes occasionally. (VII) Implementation of Risk Management Policies and Risk Measurement Standards: The Company has internal rules and procedures in place and conduct risk management and assessment accordingly. (VIII) Implementation of customer policies: The Company maintains good relationship with customers to create profit for the Company.	No material departure.

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td></td><td></td><td></td><td>(IX) Whether the Company purchases liability insurance for Directors and Supervisors: A report to the Directors and Supervisors has been made in the Board meeting on March 28th 2019 regarding the liability insurance purchased (insurance company, amount, period of time, scope, fee), A report has also been filed in the Market Observatory Post System.</td><td></td></tr>
<tr><td colspan="5">IX. Please explain the improvement measures implemented in response to the Corporate Governance Evaluation System results of the most recent year published by the Corporate Governance Center of Taiwan Stock Exchange; and propose improvement measures for under-performing aspects. (Companies not reviewed are exempted): None.</td></tr>
</table>

(IV) Information on the Operations of the Compensation Committee

1. The Compensation Committee is designed to assist the Board of Directors in implementing and evaluating the company's overall compensation and benefits policies, as well as manger compensation.

(1) Information on the Members of the Compensation Committee

Identity	Conditions / Name	Does the individual have more than 5 years of work experience and the following professional qualifications?			Conformity to Independence (Note 2)								Number of members who are also members of the compensation committee of other public corporations.	Note
		Lecturer or above in business, legal, finance, accounting, or other areas of expertise necessary for the Company's business at public or private higher education institutions.	Judges, prosecutors, lawyers, accountants, or other professionals and technicians who have passed the national examinations and obtained certificates necessary for the business of the company.	Has experience in business, legal, finance, accounting or other areas of expertise related to the Company's business.	1	2	3	4	5	6	7	8		
Independent Director	Chan Huo-lien			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	--
Independent Director	Li Hsi-yan			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Note 1
Others	Wang Tsun-kuo			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Note 2
Others	Chu Li-te			✓	✓	✓	✓	✓	✓	✓	✓	✓	None	Note 3

Note 1: Newly appointed on 2018.06.28

Note 2: Resigned on 2018.06.19

Note 3: Newly appointed on 2018.02.09

Note 4: For each member who meets the conditions for two years prior to being elected and during his/her term of office, please tick the box "✓" below the corresponding condition(s).

（1）Not employed by the Company or its related companies.

（2）Not a Director or Supervisor employed by the Company or its related companies. Not a director or supervisor of an enterprise affiliated with the company (except for independent directors appointed by the Company or its parent company or subsidiaries pursuant to this act or local laws.

（3）Not a natural person shareholder who on behalf of himself/herself, or whose spouse or minor child, or in the name of another person, holds more than one percent of the total shares issued by the company or is ranked top 10 among shareholders in terms of number of shares held.

（4）Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.

（5）Not a Director, Supervisor, or employee of a judicial person shareholder that directly holds 5% or more of the total number of issued shares of the Company; or a Director, Supervisor, or employee of a judicial person shareholder that is ranked top 5 in terms of number of shares held.

（6）Not a Director (member of the governing board), Supervisor (member of the supervising board), manager, or shareholder who holds more than 5% of shares of a company or institution with a financial or business relationship with the Company.

（7）Business owners, partners, directors (managers), supervisors (supervisors), managers and their spouses who are not professionals, single proprietors, partnerships, companies or institutions providing business, legal, financial, accounting or other services or consulting services to companies or related companies.

（8）Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

(2) Information about the Operation of the Compensation Committee

一、The Company has three members of the Compensation Committee.

II. Current term of office: From 12 August 2016 to 15 June 2019

The Compensation Committee held 4 meetings (A) in 2018. Attendance and background of committee members is as follows:

Title	Name	Number of attendances in person (B)	Number of proxy attendance	Rate of attendance in person (%) (B/A)	Note
Chairperson	Chan Huo-lien	4	0	100.00%	--
Independent Director	Li Hsi-yan	2	0	50.00%	Note 1
Committee member	Wang Tsun-kuo	2	0	50.00%	Note 2
Committee member	Chu Li-te	3	0	75.00%	Note 3

Other items that shall be recorded: 一、If the Board of Directors rejects or amends the suggestions of the Compensation Committee, the date, session number, proposal content, results of Board resolution, and the Company's handling of Compensation Committee's opinions should be recorded in details (e.g., where the compensation approved by the Board is higher than the compensation suggested by the Compensation Committee, the difference and reasons should be detailed): The Company had no such situations where the suggestions of the Compensation Committee were rejected or amended. 二、If any Committee member has objections and/or reservations with the resolutions of the Compensation Committee and such situations were recorded or as written statements, the committee meeting date, session number, proposal content, all members' opinions, and the handling of opinions shall be documented in detail. The Company had no such situations where objections and/or reservations were expressed regarding the resolutions of the Compensation Committee.

Note 1: Newly appointed on 2018.06.28
Note 2: Resigned on 2018.06.19
Note 3: Newly appointed on 2018.02.09

(V) Fulfillment of Social Responsibilities:

Policies adopted and measures implemented by the Company in regard to environmental protection, community engagement, social contribution, social services, social benefits, consumer rights, human rights, health and safety, and other social responsibilities:

Fulfillment of Social Responsibilities

Evaluation Items	Implementation Status			Any departure from the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies and the reasons for such departure
	Yes	No	Summary and Explanation	
I. Implementation of Corporate Governance				
(I) Does the company have a corporate social responsibility policy or system in place and review its implementation?	V		(I) The Company does not have a corporate social responsibility guideline in place but is dedicated to its social responsibilities and abides all relevant laws and regulations. Considering the domestic and international trends of corporate social responsibilities and the Company's overall operations, the Company promotes all kinds of corporate social responsibility activities.	No material departure.
(II) Does the company organize social responsibility training regularly?	V		(II) The Company promotes corporate visions and social responsibilities in meetings occasionally.	
(III) Does the company have a professional (concurrent) unit to promote corporate social responsibility, which is authorized by the Board of Directors to be handled by senior management who reports to the Board?	V		(III) The Company has not set up a dedicated (concurrent) unit to promote corporate social responsibility. Related matters are promoted by each department based on their own operations.	
(IV) Does the company have a reasonable compensation policy that combines employee performance assessment with corporate social responsibility policies as well as a clear and effective reward and penalty system?	V		(IV) Rules of conduct, procedures for payroll management, performance review, reward and penalty system are established in accordance with corporate social responsibility.	
2. Developing sustainable environment.				
(I) Does the company commit to improving the efficiency of resource utilization and using recycled materials with low environmental impact?	V		(一)The Company has designated personnel for overall resource planning to increase the efficiency of resource usage. Wastes are collected centrally and recycled for further usage. In the spirit of environmental protection,	No material departure.

Evaluation Items	Implementation Status			Any departure from the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies and the reasons for such departure
	Yes	No	Summary and Explanation	
(II) Does the company establish an appropriate environmental management system based on its industry characteristics? (III) Does the company pay attention to the impacts of climate change on its business activities, conduct greenhouse gas inventory, and develop strategies for energy saving, carbon reduction and GHG reduction?	V V		the annual reports and shareholders' meeting handbooks are printed on recycled paper. (II) The Company occasionally collects and assess data on the impact of our operation on the environment, implement energy-saving and carbon reduction measures, review sustainability objectives, to make our contributions to environmental protection. (III) Based on the influence of our operations, the Company established energy-saving and carbon reduction strategies and promote all energy saving measures to reduce the impact of operations on the natural environment such as waste sorting and recycling; and promote energy saving and carbon reduction, invest in carbon reduction equipment (e.g., energy saving light tubes), encourage employees to use public transportations.	
3. Ensuring Social Welfare (I) Does the Company establish management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? (II) Does the Company have an employee grievance mechanism and channels in place, and handle grievance properly? (III) Does the Company provide a safe and healthy work environment for employees, and regularly conduct health and safety training for	V V V V		(I) The Company follows Labor Standard Laws and relevant regulations and establish work rules to protect the legal rights of employees. (II) The Company has a direct message box to General Manager which actively collects the needs and wants of employees. (III) The Company reviews fire protection measures regularly, provides employee health check benefits, conduct occasional health and safety training, in order to create and safe and healthy	No material departure.

Evaluation Items	Implementation Status			Any departure from the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies and the reasons for such departure
	Yes	No	Summary and Explanation	
employees? (IV) Does the Company establish a mechanism for regular communication among employees and inform employees in a reasonable manner of any operational changes that may have a material impact on employees? (V) Does the Company establish effective career development programs for employees? (VI) Does the Company have policies of customer rights and complaint procedures regarding R&D, procurement, production, operations, and service processes? (VII) Does the Company comply with relevant laws and international standards regarding marketing and labeling of products and services? (VIII) Does the Company assess environmental and social impact of its suppliers before dealing with them? (IX) Does the Company's contract with its major suppliers contain provisions that the Company may terminate or abolish the contract at any time if the supplier violates its corporate social responsibility policy and has a significant impact on the environment and society?	V V V V V		work environment for employees. (IV) Major announcements from the Company will be made through emails. Occasional department meetings and executive meetings also facilitate the horizontal and vertical communication between employees. Chairperson of the Board occasionally convenes assemblies to discuss the strategic directions of the Company. (V) The Company encourages and assists employees in expanding their repertoire of knowledge and expertise. Training programs are in place to help them gain skills and move up for promotion. (VI) The Company has designated personnel responsible for related matters. (VII) The Company follows laws and international codes of conduct, does not cheat or does anything that would break the trust of customers or damage their rights. If the customer has any doubts or concern about the product, the Company will do everything in its power to follow up and resolve the issue. (VIII) The Company considers a suppliers' dedication to environmental protection in order to pursue corporate social responsibility together. (IX) All suppliers of the Company shall follow the Company's policy of trust. In order to pursue corporate social responsibility together, any violation against the Company's corporate social	

Evaluation Items	Implementation Status			Any departure from the Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies and the reasons for such departure
	Yes	No	Summary and Explanation	
			responsibility principles will lead to a termination of transactions.	
IV. Enforcing Information Disclosure (I) Does the company disclose relevant and reliable corporate social responsibility information on its website and Market Observatory Post System?	V		The company has disclosed relevant and reliable corporate social responsibility information on its website and Market Observatory Post System. The Company has not made a corporate social responsibility report. However, the Company diligently promotes corporate regulations and social welfare.	No material departure.
V. If the Company has its own Principle of Corporate Social Responsibility in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies," please describe any departure from the principle: The Company does not have its own Principle of Corporate Social Responsibility in place, but the related functioning is in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE & TPEx Listed Companies."				
6. Other important information about the Company's implementation of corporate social responsibility: 1. Environmental protection: The threat of global warming is imminent and everyone is responsible. The Company is dedicated to measures such as waste sorting and recycling; promotes energy saving and carbon reduction; invests in carbon reduction equipment (e.g., energy saving light tubes); and encourages employees to use public transportations. In addition, the Company's products are 100% in compliance with the EU directive of RoHS (Restriction of Hazardous Substances). 2. Encouraging employees to participate in social services: to enforce social responsibilities, the Company encourages employees to participate in social welfare activities. Many have joined volunteer groups dedicated to offering care for minority groups. In addition, the Company makes donations of goods to minority group and actively participate in social services. 3. Consumer rights: The Company's main products are passive components such as radiation protection components and power coils, as well as certain IC components. The main products are sold to manufacturers so the Company does not interact directly with consumers. Regarding customer complaints, the Company has set up "Procedures for Handling Customer Complaints." Channels for making complaints are in place. Contracts of supplying and quality are signed with customers to protect their rights.				
VII. If the corporate social responsibility report has passed the verification standards of the relevant verification institutions, it shall state: The Company has not made a corporate social responsibility report.				

(VI) Implementation of ethical corporate management and measures for implementation:

Implementation of Ethical Corporate Management

Evaluation Items	Implementation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies, and reasons
	Yes	No	Summary and Explanation	
I. Formulating Policies and Plans for Ethical Corporate Management (I) Does the company express its policies and practices of ethical corporate management in its regulations and external documents, and its commitment of the board of directors and management to actively implement its business policies?	V		(I) The Company has established "Procedures and Guidelines for Ethical Corporate Management" and "Ethical Corporate Management Best Practice Principles" to promote a corporate culture and future development of ethical corporate management. In addition, Directors sign a "Statement of Non-Violation of Ethical Behavior Principle" when starting their term of office. The Board and the management of the Company promote ethical corporate management as a vision to employees and stakeholders. The Procedures and Principles will be disclosed on the company website after this submission to the shareholders' meeting.	No material departure.
(II) Does the company have a code of practice for preventing dishonest conduct, which includes procedures, guidelines for conduct, disciplinary and grievance systems for violations, and which are implemented?	V		(II) In the "Procedures and Guidelines for Ethical Corporate Management" and "Ethical Corporate Management Best Practice Principles," the procedures, reward and punishment, grievance system, and disciplinary consequences of dishonest behavior and violation of the principles are specified and enforced in combination with the internal procedures. In addition, the Company promotes them in meetings and enforce these principles at all levels.	
(III) Does the company take preventive measures against the operating activities with high risk of dishonest conduct within the business scope of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies"?	V		(III) The Company promotes ethical principles and	

Evaluation Items	Implementation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies, and reasons
	Yes	No	Summary and Explanation	
			enforce specific work rules for the operating personnel with high risk of dishonest conduct within their business scope. Duty rotation is another countermeasure. The Company sets up a comprehensive management and internal control system and regularly checks and enforces the procedures. In addition, with the laws as the guiding principles, to prevent any employees taking chances, upon discovery of any inconsistency, the Company will investigate and handle the situation.	
II. Implementation of Ethical Corporate Management	V			
(I) Does the company assess the integrity record of its business contacts and specify the terms of good faith conduct in its contracts with its business contacts?	V		(I) The Company conducts due diligence when dealing with a supplier for the first time. If any negative record was discovered, the Company will not deal with a dishonest or unethical supplier or customer. Each department will also monitor the operational status of their respective business contacts. When working with important suppliers or customers, contracts and agreements will be drawn to govern the content of the deal and to remind each participating party of good faith.	No material departure.
(II) Does the company have a professional (concurrent) unit under the board of directors to promote ethical corporate management and report its implementation to the board of directors on a regular basis?	V		(II) The Company has the Audit Office as the designated unit for promoting ethical corporate management who occasionally reports to the Board on the implementation status.	
(III) Does the company have a conflict of interest prevention policy, provide appropriate representation channels, and implement them?	V			
	V		(III) The Company has “Ethical Corporate	

Evaluation Items	Implementation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies, and reasons
	Yes	No	Summary and Explanation	
(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management, which will be regularly checked by the internal audit unit or by a CPA? (V) Does the company regularly conduct internal and external education and training on ethical corporate management?			Management Best Practice Principles" in place. In addition to self-regulation, where a Director or the judicial person he/she represents has a conflict of interest in the proposal the Board is discussing, he/she can express their opinion and answer questions, but may not, participate in the discussion or vote, and should recuse themselves during the discussion and voting. (IV) The Company established an accounting system and internal control system, and regularly checks all departments on their status of compliance. (V) The Company has "Ethical Corporate Management Best Practice Principles" in place and will encourage relevant personnel to participate in training and seminars on ethical corporate management, or promote the principles in meetings.	
III. Implementation of the Company's Whistleblowing System (I) Does the company have a specific whistleblowing and reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing? (II) Does the company have standard operating procedures and relevant confidentiality mechanisms for the investigation of whistleblowing matters? (III) Does the company take measures to protect the whistleblower against inappropriate disciplinary actions?	V V V		(一)The Company has a direct message box to General Manager. Whistleblowing can also be done via phone or mail. A designated unit will handle all related matters according to the procedures. (二)The Company takes the responsibility to protect the confidentiality of individuals involved in the whistleblowing matters under investigation. (三)The Company protects the confidentiality of the whistleblower and takes measures to protect the whistleblower	No material departure.

Evaluation Items	Implementation Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies, and reasons
	Yes	No	Summary and Explanation	
			against inappropriate disciplinary actions.	
IV. Enforcing Information Disclosure (I) Does the company disclose the content and effectiveness of its Code of Ethical Corporate Management on its website and in its Market Observatory Post System?	V		(I) In the corporate governance section on the company website, the "Guidelines of Ethical Conduct for Directors and Supervisors," "Guidelines of Ethical Conduct for Executives and Senior Specialists," and "Guidelines of Ethical Conduct for All Employees Below Executive Level" are placed.	No material departure.
V. If the company has its own Code of Ethical Corporate Management in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE & TPEx Listed Companies," please describe any departure from the code in its operation: No material departure.				
VI. Other important information relevant to the ethical corporate management of the Company: (e.g. The Company's review and amendment to its Ethical Corporate Management Best Practice Principles) The Company pays close attention to the domestic and overseas development of ethical corporate management, encourages Directors, Manager and employees to make suggestions, reviews and improves the Company's ethical corporate management policies and measures, in order to better implement ethical corporate management.				

(VII) If the company has guidelines for corporate governance or relevant regulations: The Company has not set up guidelines for corporate governance but all related measures are in the spirit of and in accordance with "Corporate Governance Best Practice Principles for TWSE & TPEx Listed Companies." Please refer to http://www.bullwill.com.tw Investor Relations -> Corporate Governance on the Company website.

(VIII) Other important information necessary to a comprehensive understanding of the Company's corporate governance implementation:

1. Insiders such as the newly appointed Directors, Supervisors, and Managers, will receive the "Regulations and Important Notices about the shareholding of insiders of TWSE & TPEx Listed Companies" published by the Taipei Exchange when assuming their positions. Every year, occasionally, the latest amendments to insider shareholding related regulations will be announced at Board meetings to help insiders follow these rules.
2. The Company encourages shareholders to attend shareholders' meetings. In addition to accepting proposals from shareholders in accordance with the law in the 2019 meeting, it was also announced that shareholders can vote in writing. For the procedures of voting in writing and its

implementation status, please refer to Market Observatory Post System: http://mops.twse.com.tw

3. In 2016 the 10th Session of Directors (including independent Directors) were elected by the annual shareholders' meeting. Election method, nomination method, candidate information, voting process and results can be found on the Company website: http://www.bullwill.com.tw Investor Relations -> Corporate Governance -> Board of Directors or Public Information Market Observatory Post System (http://mops.twse.com.tw) (Stock code: 6259) Important Information.

(IX) Implementation of Internal Control System:

1. Statement of Internal Control：

BULL WILL Co., Ltd.

Statement of Internal Control System

March 28, 2019

The internal control system of the Company in the year of 2018, based on the results of self-inspection, is hereby stated as follows:

I. It is the responsibility of the Board of Directors and Managers of the Company to establish, implement and maintain the internal control system, which the company has established. The objective is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance, and asset security), the reliability of financial reporting, and compliance with applicable laws and regulations.

II. The internal control system has its inherent limitation, no matter how perfect the design is, the effective internal control system can only provide reasonable assurance for the above three objectives; moreover, the effectiveness of the internal control system may change with the change of environment and situation. However, the internal control system of the Company is provided with a self-monitoring mechanism, and the company will take corrective actions once the absence is identified.

III. The Company shall judge whether the design and implementation of the internal control system are effective or not according to the judgment items of the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control System by Public Owned Corporations" (hereinafter referred to as " Handling Guidelines"). The internal control system adopted in the “Handling Guidelines,” based on the process of management control, is divided into five components: 1. Control Environment, 2. Risk Assessment, 3. Control Activity, 4. Information and Communications, and 5. Monitoring Activities. Each component includes a number of items. For the foregoing items, please refer to the provisions of "Handling Guidelines".

IV. The Company has adopted the above internal control system items to examine the effectiveness of the design and implementation of the internal control system.

V. Based on the aforementioned inspection results, the Company believes that the internal control system (including supervision and management of the subsidiaries) set up by the Company on December 31st, 2018, including the effectiveness of the design and implementation of the internal control system to understand the effectiveness and efficiency of the operation, the reliability of financial reporting, and the compliance with relevant codes and regulations, will reasonably ensure the achievement of the above objectives.

VI. This statement will be the main content of the Company's annual report and public statement, and will be made public. If any of the contents disclosed above is found to be false, with concealment or other illegal matters, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors of the Company on March 28th, 2019. Among the 6 directors present, 0 held opposing opinions. The rest agreed upon the contents of this statement and made this statement.

BULL WILL Co., Ltd.

Chairperson CHANG CHIEH MIN signature

General Manager Lee Tai Hsiang signature

2. If an accountant is entrusted to examine the internal control system, the audit report shall be disclosed: N/A.

(X) Penalties imposed on the Company and its internal staff due to violation of the law, penalties imposed on its internal staff due to violation of internal control rules and procedures, the main fault and any improvements made in the most recent year up to the publication date of this annual report: no such situation.

(XI) Important resolutions of the shareholders' meeting and the Board of Directors as of the date of publication of the annual report in the most recent year

Date	Category	Resolution item	Provided by Article 14-3 of the Securities and Exchange Act	Opinion of the Independent Directors and the Company's handling of such opinions	Results of Board resolution
No. 13 of the 10th Session 2018.02.09	Board of Directors	Proposal 1: Hiring Compensation Committee members		None	Passed by all Directors attending the meeting without objections.
No. 13 of the 10th Session 2018.03.30	Board of Directors	Proposal 1: Approving the 2017 Statement of Internal Control System		None	Passed by all Directors attending the meeting without objections.
		Proposal 1: Electing one additional Independent Director Proposal 2: To ratify the Company's 2017 business report and financial statements		None	
		Proposal 3: To ratify the Company’s 2017 surplus distribution and deficit compensation		None	
		Proposal 4: To amend the “Rules and Procedures for Board of Directors’ Meeting”		None	
		Proposal 5: To approve the 2018 private offering and capital increased by	V	None	

		cash			
		Proposal 6: Convening the 2018 shareholders' meeting		None	
		Proposal 7: Discuss the implementation of accepting shareholders' proposals		None	
No. 15 of the 10th Session 2018.04.27	Board of Directors	Proposal 1: Electing one additional Independent Director		None	Passed by all Directors attending the meeting without objections.
		Proposal 2: Releasing the Company's newly elected Independent Directors from the non-competition restrictions		None	
		Proposal 3: The Board plans to nominate candidates for one Independent Director		None	
		Proposal 4: The 2018 shareholders' meeting plans to accept nomination of candidates for one Independent Director		None	
		Proposal 5: Due to the newly added proposal, the 2018 shareholders' meeting agent shall be updated		None	
		Proposal 6: To increase trade, a joint venture subsidiary is to be set up in Singapore		None	
No. 16 of the 10th Session 2018.05.15	Board of Directors	Proposal 1: Do not proceed with the proposal of private offering and capital increased by cash approved by the 2017 shareholders' meeting		None	Passed by all Directors attending the meeting without objections.
		Proposal 2: To ratify the Company's 2018 Q1 financial statements		None	
		Proposal 3: Review of the nominated candidates' background for Independent Director		None	
2018.06.28	Shareholders' Meeting	(I) Report Items: 1. 2017 Business Report 2. 2017 deficits reached 50% of the Company's paid-in capital.	Published on the Market Observatory Post System by resolution of shareholders' meeting.		

		3. Supervisors' review of the Company's 2017 final statements. 4. Overview of the Company's 2017 investment in China 5. Implementation of the Company's 2017 private equity offering program 6. Approved the amendments to the Company's "Rules and Procedures for Board of Directors' Meeting" (II) Ratification Proposals: 1. To ratify the Company's 2017 business report and financial statements 2. To ratify the Company's 20187 surplus distribution and deficit compensation (III) Discussion (1): 1. 2018 Private equity offering program (IV) Election: 1、Electing one additional Independent Director (V) Other Proposals:			
No. 17 of the 10th Session 2018.06.28	Board of Directors	Proposal 1: Hiring the 3rd Session of Compensation Committee members		None	Passed by all Directors attending the meeting without objections.
No. 18 of the 10th Session 2018.08.13	Board of Directors	Proposal 1: To approve the 2018 Q2 consolidated financial statements		None	Passed by all Directors attending the meeting without objections.
		Proposal 2: Submitted to the Compensation Committee to review and discuss the pay cut for first-grade executives			
No. 19 of the 10th Session	Board of	Proposal 1: To approve the 2018 Q3 consolidated financial statements		None	Passed by all Directors attending the meeting
		Proposal 2: To approve the Company's 2019 budget			

2018.11.13	Directors	Proposal 3: To approve the 2019 internal audit plans			without objections.
No. 20 of the 10th Session 2018.12.26	Board of Directors	Proposal 1: Changing the Company’s accounting firm and auditors	V	None	Passed by all Directors attending the meeting without objections.
No. 21 of the 10th Session 2019.03.28	Board of Directors	Proposal 1: To approve the 2018 first private offering of common shares	V	None	After deliberation of all attending Directors and Supervisors, this proposal is not passed and therefore postponed. Passed by all Directors attending the meeting without objections.
		Proposal 2: To approve the Company's 2019 plan to offer stock options to employees	V	None	
		Proposal 3: Approving the 2018 Statement of Internal Control System		None	
		Proposal 4: To approve the Company's 2018 business report and financial statements		None	
		Proposal 5: To approve the Company’s 2018 surplus distribution and deficit compensation		None	
		Proposal 6: To approve the 2019 private offering and capital increased by cash	V	None	
		Proposal 7: Election of Directors and Supervisors		None	
		Proposal 8: To approve the releasing of the Company's Directors from the non-competition restriction		None	
		Proposal 9: Convening the 2019 shareholders’ meeting		None	
		Proposal 10: To approve the implementation of accepting shareholders’ proposals		None	
		Proposal 11: To approve the implementation of accepting shareholders’ nomination of candidates for Independent Directors		None	
		Proposal 12: To approve the Board’s nomination of candidates for two Independent Directors		None	

		Proposal 13: To approve the purchase of liability insurance for Directors and Supervisors		None	
		Proposal 14: To approve the addition of the “Procedures for Handling Directors' Requests”		None	
		Proposal 15: To approve the appointment of corporate governance supervisor of the Company		None	
No. 22 of the 10th Session 2019.05.14	Board of Directors	Proposal 1: Do not proceed with the proposal of private offering and capital increased by cash approved by the 2018 shareholders’ meeting		None	Passed by all Directors attending the meeting without objections.
		Proposal 2: To approve the Company's 2019 Q1 financial statements		None	
		Proposal 3: To amend the Company's 2019 plan to offer stock options to employees approved on March 28, 2019.	V	None	
		Proposal 4: To amend the Company’s “Articles of Incorporation”		None	
		Proposal 5: To amend the Company’s “Operational Procedures for Loans to Others”	V	None	
		Proposal 6: To amend the Company’s “Operational Procedures for Endorsements and Guarantees”	V	None	
		Proposal 7: Amend the Company’s “Operational Procedures for Acquisition or Disposal of Assets”	V	None	
		Proposal 8: Disposition of the re-investment in Visco International Co., Ltd.		None	
		Proposal 9: Due to newly added proposals, the 2019 shareholders’ meeting approved by the Board on March 28, 2019 shall be updated.		None	

(XII) In the most recent year and up to the date of publication of the annual report, the Directors or Supervisors have different opinions on the important resolutions adopted by the Board of Directors which have been recorded or as written statements: no such situation.

(XIII) In the most recent year and up to the date of the publication of the annual report, the summary of the resignation and dismissal of the Chairperson of the Board, general manager, accounting supervisor, finance supervisor, internal audit supervisor, and R&D supervisor of the company: None.

(XIV) Personnel related to the transparency of financial information and the certificates they have obtained from relevant authorities and governing bodies.

TITLE	NAME	ORGANIZER	CERTIFIED AREA
CFO	Lo Wei-chang	Securities and Futures Institute	Further education and examination for accounting supervisors
Audit Supervisor	Hung Li-ju	Securities and Futures Institute	Basic examination of corporate internal control
Audit Supervisor	Hung Li-ju	Securities and Futures Institute	Expert examination of stock affairs
Audit Supervisor	Hung Li-ju	Securities and Futures Institute	Examination of common knowledge of financial market and professional ethics

(XV) Training for Directors and Supervisors

The training for Directors and Supervisors is as follows:

Title	Name	Time	Organizer	Courses	Study Hours	Compliance with the guidelines for further education for directors and

						supervisor of TWSE & TPEx listed companies
Independent Director	Chan Huo-lien	2014.07.04	Taipei Exchange	Insider shareholding information session	3	Yes
Director	Lo Wei-chang	2015.12.02	Accounting Research and Development Foundation	The meaning of trust, the legal liability of fraud and antitrust, and case studies from a judicial point of view	3	Yes

V. CPA Fee Information

Table of Information on CPA Fee Ranges

Name of CPA Firm	Name of CPA		Audit Period	Note
SHINEWING TAIWAN	Chen Kuang-hui	Yao Yu-lin	2018.1.1-2018.12.31	--

Monetary Unit: NT$1,000

Category of Fees / Interval of the Amount		Audit Fees	Non-Audit Fees	Total
1	Less than NT$ 2,000,000	1,400	100	1,500
2	NT$ 2,000,000 (inclusive) to NT$ 4,000,000			
3	NT$ 4,000,000 (inclusive) to NT$ 6,000,000			
4	NT$ 6,000,000 (inclusive) to NT$ 8,000,000			
5	NT$ 8,000,000 (inclusive) to NT$ 10,000,000			
6	More than NT$ 10,000,000 (inclusive)			

(I) Where the non-audit fee paid to the auditing CPAs, their accounting firms, and the affiliated businesses accounts for more than a quarter of the audit fees, the content of the audit and non-audit service should be disclosed: N/A.

(II)The amount, ratio, and reasons of the reduction in audit fees after the change of auditing firm as compared to the year before the change: Q1 to Q3 2018 was handled by the previous firm whereas Q4 was handled by the new firm. The audit fees of NT$750,000 for Q4 2018 was NT$850,000 less than the fees of the entire year of 2018, a rate of reduction of 53%.

(3) The amount, ratio, and reason of the reduction in audit fees should be disclosed where there was over 15% reduction compared to that of the preceding year:

Audit fees reduced by NT$100,000, a rate of reduction of 6.25%, mainly due to the reduction of audit fees for re-invested companies.

VI. Information on Change of Auditors

(I) About the previous CPAs

Date of change	December 26, 2018		
Reasons and explanations	For internal management needs, the Company terminated the appointment.		
Explanations if the client or the CPA terminated the appointment	Involved parties / Circumstances	CPA	Client
	Voluntary termination	--	BULL WILL Co., Ltd.
	Not appointed anymore.	--	--
The reasons for issuing opinions other than Unqualified Opinions in the recent two years	Unqualified Opinion issued in 2017 Unqualified Opinion issued in 2018		
Different opinion from the publishing company of the report	Yes		Accounting principles and practice
			Disclosure of financial reports
			Audit scope and steps
			Others
	None	✓	
	Not applicable		
Other matters to be disclosed	None		

(二)About the succeeding CPAs

Name of accounting firm	SHINEWING TAIWAN
Name of CPA	Chen Kuang-hui, Yao Yu-lin
Date of appointment	January 4, 2019
Consulting results regarding the accounting method or principle applied on specific transactions and the possible opinions on the financial reports before appointment	None

Different opinions from the succeeding CPAs as compared to the previous CPAs in writing	None

Note: New CPAs certifies the financial statements starting from Q4 2018.

(III) Replies from the previous CPA regarding Article 10, Paragraph 6, Item 1 and 2 of the current principle: None

VII. The name, title, firm name of the Company's Chairperson of the Board, General Manager, manager in charge of financial or accounting affairs, who has worked in the auditing firm or its affiliated enterprises in the recent one year shall be disclosed: None.

V. Substantial transfer or replacement of the shares of Directors, Supervisors, or major shareholders holding more than 10% of the shares in the most recent year and up to the date of the publication of the annual report

(I) Changes in the Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2018		Up until April 29, 2019	
		Shares Held Increase (Decrease)	Pledge Shares Increase (Decrease)	Shares Held Increase (Decrease)	Pledge Shares Increase (Decrease)
Mega International Commercial the designated depository bank for Serial System Limited		0	0	0	0
Chairperson	CHANG CHIEH MIN	0	0	0	0
Director	WU MU HSING	0	0	0	0
Director	WU SHU CHEN	0	0	0	0
Director	Huang Shu-hsuan	0	0	0	0
Director	Lo Wei-chang	0	0	0	0
Independent Director	Chan Huo-lien	0	0	0	0
Independent Director (Note 1)	Lin Tsai-Po	0	0	0	0
Independent Director (Note 2)	Li Hsi-yan	0	0	0	0
Supervisor	Chien Chih-lang	0	0	0	0
Supervisor	Huang Ko-kun	0	0	0	0

General Manager	Li, Tai-hsiang	0	0	0	0
CTO of R&D Office (Note 3)	Chu Tzu-to	0	0	0	0
Assistant Manager of General Management Office	Chou Ying-chun	0	0	0	0
Major shareholder	Mega International Commercial the designated depository bank for Serial System Limited	0	0	0	0
Major shareholder	Cho Shun-fa	0	0	0	0
Major shareholder	Hsieh Fu-tien	0	0	0	0

Note 1: Resigned 2018.09.25; Note 2: Began term on 2018.06.25; Note 3: Resigned 2018.05.11.

(II) Information about transfer of shares: There is no situation where the counterpart of a transfer is a related person.

(III) Information about pledge of shares: There is no situation where the counterpart of a pledge is a related person.

IX. Top 10 shareholders in terms of shares held who are related persons, spouse, or relative within second degree of kinship:

April 29, 2019

NAME	SHARES HELD		SHARES HELD BY SPOUSES AND MINOR CHILDREN		TOTAL SHARES HELD IN THE NAME OF OTHER PERSONS		THE TITLES OR NAMES AND RELATIONSHIPS OF THE TOP TEN SHAREHOLDERS WHO ARE RELATED PERSONS, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE OF KINSHIP:		NOTE
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship	--
Cho Shun-fa	27,200,000	24.43%	0	0.00%	0	0.00%	None	None	--
Mega International Commercial Bank as the designated depository bank for Serial System Limited	19,144,375	17.20%	0	0.00%	0	0.00%	WU MU HSING is the Person in Charge of the account at Mega International Commercial Bank as the designated depository bank for Serial System Limited Cheng Chao-yu is the Person in Charge of Serial System Limited	None	--
Hsieh Fu-tien	11,200,000	10.06%	0	0.00%	0	0.00%	None	None	--
Cheng Chao-yu	3,483,783	3.13%	0	0.00%	0	0.00%	Mega International Commercial Bank as the designated depository bank for Serial System Limited	is the Person in Charge of the second-tier subsidiary, Serial System Limited, invested by the account at Mega International Commercial Bank as the designated depository bank for Serial System Limited	--
Huang Yu Hsu Ying	2,890,030	2.60%	0	0.00%	0	0.00%	None	None	--

Huang Ko-kun	1,926,686	1.73%	0	0.00%	0	0.00%	None	None	--
Chiu Liang-chi	1,500,000	1.35%	0	0.00%	0	0.00%	None	None	--
Chen Yen-chih	683,000	0.61%	0	0.00%	0	0.00%	None	None	--
Chen Chi-chen	677,000	0.61%	0	0.00%	0	0.00%	None	None	--
Wu Jung-shui	550,481	0.49%	0	0.00%	0	0.00%	None	None	--

X. The shares held by the Company, its Directors, Supervisors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio calculated on a consolidated basis

December 31, 2018

All Reinvested Businesses	Investment of the Company		Investments of Directors, Supervisors, Managers and Businesses Directly or Indirectly Controlled		Consolidated investments	
	Number of shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Huizhou Jun Chao Electronic Co., Ltd.	--	100.00%	0	0%	--	100.00%
Hong Kong Bull Will Holdings	10,374,093	100.00%	0	0%	10,374,093	100.00%
Hsin Yeh Investment Limited	10,374,093	100.00%	0	0%	10,374,093	100.00%
BULL WILL Electronics Corporation (Bull Will Electronics)	1,695	100.00%	0	0%	1,695	100.00%
Dongguan Zhao Kang Electronic Co., Ltd.	--	100.00%	0	0%	--	100.00%
Huizhou Bullwill Electronic Co., Ltd.	--	100.00%	0	0%	--	100.00%
Huizhou Bai Qin Electronics Co., Ltd.	--	100.00%	0	0%	--	100.00%
Visco International Co., Ltd.	355,001	55.00%	0	0%	355,001	55.00%
SIGCUS USA INC	550,000	55.00%	0	0%	550,000	55.00%
BULL WILL TRADING(S) PTE LTD	70,000	48.95%	0	0%	70,000	48.95%

Chapter 4. Funding Status

I. Share Capital and Shares

(I) Source of Share Capital

1. Share Capital Formation

Unit: share/NT$1,000

Year / Month	Issuance Price	Authorized Capital		Paid-In Capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of Share Capital	Equity-Settled Share-Based Payment	Others
87/ 03	10	3,000,000	30,000	3,000,000	30,000	Cash capital increase NT$ 15,000,000	None	--
89/ 01	10	4,200,000	42,000	4,200,000	42,000	Cash capital increase NT$12,000,000	None	Approved by No.89261624 of Bureau of Construction, Taipei City Government published on Feb 15, 2000
2000.07	16 10	10,000,000	100,000	6,000,000	60,000	Cash capital increase NT$11,000,000 Surplus Transferred to Capital Increase NT$7,000,000	None	Approved by No.89311932 of Bureau of Construction, Taipei City Government published on August 5, 2000
2001.09	12 10	10,000,000	100,000	9,807,000	98,070	Cash capital increase NT$18,000,000 Surplus Transferred to Capital Increase NT$18,000,000 Employee Bonus Transferred to Capital Increase NT$2,070,000	None	Approved by No. 142560 of Securities and Futures Commission, Ministry of Finance on July 10, 2001

2002.09	20 10	25,000,000	250,000	20,933,700	209,337	Cash capital increase NT$68,649,000 Surplus Transferred to Capital Increase NT$29,421,000 Capital Surplus of NT$9,807,000 Transferred to Capital Increase; Employee Bonus of NT$3,390,000 Transferred to Capital Increase	None	Approved by No. 0910138502 of Securities and Futures Commission, Ministry of Finance published on July 12, 2002
2003.08	10	30,000,000	300,000	23,322,605	233,226	Surplus Transferred to Capital Increase NT$20,933,700 Employee Bonus Transferred to Capital Increase NT$ 2,955,350	None	Approved by No. 0920131769 of Securities and Futures Commission, Ministry of Finance published on July 15, 2003
2004.09	10	50,000,000	500,000	26,313,387	263,134	Surplus Transferred to Capital Increase NT$27,322,610 Employee Bonus Transferred to Capital Increase NT$2,585,210	None	Approved by No.09317433510 of Bureau of Construction, Taipei City Government published on September 1, 2004
2004.10	24.2	50,000,000	500,000	26,433,220	264,332	Convertible bond converted to shares NT$1,198,330	None	Approved by No.09323040210 of Bureau of Construction, Taipei City Government published on October 27, 2004
2007.04	5.18	70,000,000	700,000	41,433,220	414,332	Cash capital increase (private offering) of NT$150,000,000	None	Approved by No.09683289920 of Bureau of Construction, Taipei City Government published on April 23, 2007

2007.08	5.08	205,000,000	2,050,000	53,933,220	539,332	Cash capital increase (private offering) NT$125,000,000	None	Approved by No.09601227330 of Department of Commerce, Ministry of Economic Affairs published on September 14, 2007
2007.09	13.92	205,000,000	2,050,000	53,961,953	539,620	Convertible bond converted to shares NT$287,330	None	Approved by No.09601253880 of Department of Commerce, Ministry of Economic Affairs published on October 17, 2007
2008.04	11.81	205,000,000	2,050,000	55,613,096	556,131	Convertible bond converted to shares NT$16,511,430	None	Approved by No.09701093240 of Department of Commerce, Ministry of Economic Affairs published on April 22, 2008
2008.09	10	205,000,000	2,050,000	44,490,477	444,905	Accumulated deficits to be covered by capital decrease NT$111,226,190	None	Approved by No.09789249600 of Department of Commerce, Ministry of Economic Affairs published on September 16, 2008
2009.09	6.50	205,000,000	2,050,000	56,490,477	564,905	Cash capital increase (private offering) of NT$120,000,000	None	Approved by No.09801202080 of Department of Commerce, Ministry of Economic Affairs published on September 4, 2009

2009.11	6.50	205,000,000	2,050,000	60,190,477	601,905	Cash capital increase (private offering) of NT$37,000,000	None	Approved by No.09801270700 of Department of Commerce, Ministry of Economic Affairs published on November 23, 2009
2010.01	8.3 9.8	205,000,000	2,050,000	61,743,477	617,435	Employee stock option NT$12,470,000 Employee stock option NT$3,060,000	None	Approved by No.09901011290 of Department of Commerce, Ministry of Economic Affairs published on January 20, 2010
2010.04	9.8	205,000,000	2,050,000	63,433,477	634,335	Employee stock option NT$16,900,000	None	Approved by No.09901078650 of Department of Commerce, Ministry of Economic Affairs published on April 19, 2010
2010.07	9.23	205,000,000	2,050,000	68,833,477	688,335	Cash capital increase (private offering) NT$54,000,000	None	Approved by No.09901143920 of Department of Commerce, Ministry of Economic Affairs published on July 5, 2010
2010.10	9.8	205,000,000	2,050,000	69,074,477	690,745	Employee stock option NT$ 2,410,000	None	Approved by No.09901235860 of Department of Commerce, Ministry of Economic Affairs published on October 20, 2010

2011.04	9.8	205,000,000	2,050,000	69,914,977	699,150	Employee stock option NT$ 8,405,000	None	Approved by No.10001076950 of Department of Commerce, Ministry of Economic Affairs published on April 20, 2011
2011.07	9.8	205,000,000	2,050,000	69,929,977	699,300	Employee stock option NT$ 150,000	None	Approved by No.10001164570 of Department of Commerce, Ministry of Economic Affairs published on July 20, 2011
2012.09	10	205,000,000	2,050,000	48,118,977	481,189	Accumulated deficits to be covered by capital decrease NT$ 218,110,000	--	Approved by No.10187375800 of Department of Commerce, Ministry of Economic Affairs published on September 10, 2012
103/ 05	10	205,000,000	2,050,000	48,472,977	484,730	Employee stock option NT$ 3,540,000	--	Approved by No.10187375800 of Department of Commerce, Ministry of Economic Affairs published on May 20, 2014
2014.10	13.7 10	205,000,000	2,050,000	53,942,477	539,425	Cash capital increase NT$ 68,500,000 Employee stock option NT$ 4,695,000	--	Approved by No.10301210750 of Department of Commerce, Ministry of Economic Affairs published on October 14, 2014

2014.12	10	205,000,000	2,050,000	54,700,977	547,010	Employee stock option NT$ 7,585,000	--	Approved by No.10301251690 of Department of Commerce, Ministry of Economic Affairs published on December 26, 2014
2015.02	14.9 10 14.2	205,000,000	2,050,000	65,552,497	655,525	Convertible bond converted to shares NT$ 98,590,200 Employee stock option NT$ 5,200,000 Employee stock option NT$ 6,709,500	--	Approved by No.10401029220 of Department of Commerce, Ministry of Economic Affairs published on February 24, 2015
2015.05	14.9 10	205,000,000	2,050,000	72,519,951	725,200	Convertible bond converted to shares NT$ 68,724,540 Employee stock option NT$ 950,000	--	Approved by No.10401088670 of Department of Commerce, Ministry of Economic Affairs published on May 13, 2015
2015.08	14.9 10	205,000,000	2,050,000	72,809,430	728,094	Convertible bond converted to shares NT$ 469,790 Employee stock option NT$ 2,425,000	--	Approved by No.10401162270 of Department of Commerce, Ministry of Economic Affairs published on August 19, 2015
2015.11	10	205,000,000	2,050,000	72,836,430	728,364	Employee stock option NT$ 270,000	--	Approved by No.10401231120 of Department of Commerce, Ministry of Economic Affairs published on November 9, 2015

2016.03	10	205,000,000	2,050,000	72,936,430	729,364	Employee stock option NT$ 1,000,000	--	Approved by No.10501033210 of Department of Commerce, Ministry of Economic Affairs published on March 1, 2016
2017.10	1.5	205,000,000	2,050,000	111,336,430	1,113,364	Cash capital increase (private offering) NT$ 57,600,000	--	Approved by No.10601148300 of Department of Commerce, Ministry of Economic Affairs published on October 25, 2017

2. Types of shares

April 29th, 2019/ Unit: Shares

Types of shares	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Ordinary Shares	111,336,430 (including private offering of 68,057,209 shares)	93,663,570	205,000,000	Listed on TPEx

3. Information about overall reporting: N/A

(II) Shareholder Structure

April 29, 2019

Shareholders / Number	Domestic investment of natural persons	Domestic companies Investment of legal (judicial) persons	Investment of other legal (judicial) persons	Overseas Investment of legal (judicial) persons	Overseas investment of natural persons	Total
Number of Persons	13,124	115	2	2	12	13,255
Shares Held	50,897,267	506,751	3,082	19,423,375	40,505,955	111,336,430
Ratio of shareholding	45.71%	0.46%	0.00%	17.45%	36.38%	100.00%

(III) Shareholding Distribution Status

Shareholding Distribution Status

(Each share of a par value of NT$10)

April 29, 2019

Shareholding Class	Number of Shareholders	Shares Held	Shareholding Ratio
1 to 999	10,483	210,692	0.19%
1,000 to 5,000	1,605	3,785,587	3.40%
5,001 to 10,000	462	3,812,385	3.42%
10,001 to 15,000	169	2,186,087	1.96%
15,001 to 20,000	155	2,931,313	2.63%
20,001 to 30,000	109	2,794,503	2.51%
30,001 to 40,000	58	2,097,928	1.88%
40,001 to 50,000	41	1,906,619	1.71%
50,001 to 100,000	88	6,233,160	5.60%
100,001 to 200,000	45	6,457,166	5.80%
200,001 to 400,000	24	6,850,656	6.15%
400,001 to 600,000	7	3,365,460	3.02%
600,000 to 800,000	2	1,360,000	1.22%
1,000,001 above	7	67,344,874	60.51%
Total	13,255	111,336,430	100.00%

(IV) List of major shareholders (names of shareholders with top 10 shareholding, shares held, and ratio)

April 29, 2019

Shares / Names of major shareholders	Shares Held (shares)	Shareholding (%)
Cho Shun-fa	27,200,000	24.43%
Mega International Commercial Bank as the designated depository bank for Serial System Limited	19,144,375	17.20%
Hsieh Fu-tien	11,200,000	10.06%
Cheng Chao-yu	3,483,783	3.13%

Shares / Names of major shareholders	Shares Held (shares)	Shareholding (%)
Huang Yu Hsu Ying	2,890,030	2.60%
Huang Ko-kun	1,926,686	1.73%
Chiu Liang-chi	1,500,000	1.35%
Chen Yen-chih	683,000	0.61%
Chen Chi-chen-cha	677,000	0.61%
Wu Jung-shui	550,481	0.49%

(V) Information on Market Price, Net Value, Surplus and Dividends Per Share of the Recent Two Years

Unit: NT$/ thousand shares

Year / Items			2018	2017	March 31, 2019
Market Price per Share	Highest		4.35	4.48	2.6
	Lowest		2.57	2.20	2
	Average		3.06	3.22	3.31
Net Worth Per Share	Before Distribution		1.19	1.38	1.18
	After Distribution		1.19	1.38	1.18
Earnings Per Share	Weighted Average Number of Shares		111,336	82,405	111,336
	Earnings Per Share		(0.19)	(0.68)	0.01
Dividend Per Share	Cash Dividend		No Distribution	No Distribution	No Distribution
	Unrequited Stock Dividends	Surplus Stock Dividends	No Distribution	No Distribution	No Distribution
		Capital Surplus Distribution	No Distribution	No Distribution	No Distribution
	Accumulated Unpaid Dividend		--	--	--
Analysis of Return on	Price-to-Earnings Ratio		--	--	--

Investment	Price-to-Dividend Ratio	--	--	--
	Cash Dividend Yield Ratio	--	--	--

Note: Financial information listed has been audited by CPAs.

(VI) Dividend Policy and Implementation

1. Dividend policy as outlined in the Articles of Incorporation:

The Company's dividend policy is based on the current and future development plans, the investment environment, funding needs, international competitions, and shareholders' interests. Each year, no less than 30 % of the distributable earnings will be allocated for shareholders' dividends and bonuses, but if the distributable earnings are less than 10% of the paid-up capital then no earnings will be distributed. Shareholders' dividends and bonuses can be distributed in the form of cash or stock, but cash dividends should be no less than 50% of the total dividends.

2. The status of the proposed dividend distribution at this shareholders' meeting:

Up until December 31, 2018, the Company has booked an accumulated loss of NT$1,030,829,463 and therefore no surplus is distributable.

3. Explanation of expected significant changes in dividend policy: None.

7. The effect of issuing stock dividends on business performance and earnings per share:

This year's shareholders' meeting does not plan to issue stock dividends so there is no effect on business performance or earnings per share.

(VIII) Bonuses for employees and remuneration of directors and supervisors:

1. The percentage or scope of employee bonuses and remuneration of directors and supervisors as detailed in the Articles of Incorporation:

If the Company has made profits in the year (the term profits refers to pre-tax profit before employee compensation and Directors/Supervisors' compensation are subtracted), then no less than 5% of the profits should be allocated for employee compensation and no more than 3% of the profits should be allocated for Directors/Supervisors compensation.

However, if the Company has accumulated losses (including adjustment of undistributed surplus), the priority is to allocate an amount to offset the deficit first.

The said employee compensation can be paid in the form of stock or cash, and the recipient of the payment includes employees of subordinate companies under the conditions set by the Board of Directors. The aforementioned Directors and Supervisors can only be paid in the form of cash.

If there is net income in the Company's final account at the end of year, accumulated deficits (including adjustment of unappropriated surplus) should be offset first and 10% of the reminder should be appropriated as the legal reserve unless the accumulated legal reserve has reached the total paid-in capital of the Company. Secondly, special reserve should be allocated or reversed according to laws, regulations, or the authority's stipulation. For the remaining earnings, together with the undistributed earnings at the beginning of the period (including adjustment of unappropriated surplus), the Board of Directors shall propose earnings distribution at the shareholders' meeting to have the resolution of distributing dividends and bonuses to shareholders.

2. Estimation basis for the compensation for employees, Directors, and Supervisors, estimation basis for employee compensation in the form of stock, and the accounting measures if there is any difference between the actual amount and the estimation: There is no employee compensation in the form of stock and such matters.

3. Board resolution for compensation distribution: None

4. 2018 Status of compensation distribution for employees, Directors, and Supervisor: Due to that the Company did not make a profit in 2018, according to Article 26 of the Company Act, there is no distribution of compensation for employees, Directors, or Supervisors.

(IX) The company buys back the shares of the Company: None

II. Issuance of Corporate Bond (Including Overseas):

Category	Second domestic issuance of secured convertible bonds
Issuance date	July 24, 2014
Par value	NT$100,000
Issue and transaction place	Taipei Exchange
Issue price	At par value
Total Amount	NT$250,000,000
Interest Rate	0%
Contractual Period	Three-year period. Expiration date: July 24, 2017
Guarantee Agency	Bank of Panhsin
Trustee	Bank SinoPac Trust Service
Underwriter	SinoPac Securities Corporation
Legal Counsel	Peng I-cheng (Handsome Attorneys-at-law)
Auditor	SHINEWING TAIWAN Wu Chia-hung, Wu Kun-i

Repayment method		In addition to conversion or buy-back, the rest can be repaid by cash after expiration.
Unpaid principle		NT$ 0
Buy-back or early liquidation clauses		In addition to conversion or buy-back, the rest can be repaid by cash after expiration.
Restrictions		Please refer to issuance and conversion procedures
Credit rating institution, rating date, rating of Company's debt		None
Other rights	Amount of converted (exchange or subscription) common shares, overseas depositary receipts, or other securities up until the publication date of the annual report	By April 30, 2015, the amount of convertible bonds converted to common shares is NT$250,000,000.
	Issuance and conversion method (Exchange or subscription)	Please refer to issuance and conversion procedures
Potential dilution from issuance, conversion, exchange, or subscription and its effect on shareholders' equity		By April 30, 2015, all convertible bonds of the Company have been converted to common shares.
Name of custodian institution		Not applicable

Category of corporate bond		Second domestic issuance of secured convertible bonds	
Items / Year		2014	April 30, 2015
Convertible bond Market price	Highest	293	216
	Lowest	100	125
	Average	120.87	174.07
Conversion price		14.90	All converted

Issuance date and conversion price at issuance	Issuance Date: July 24, 2014 Conversion price at issuance: NT$15.00 Latest conversion price: NT$14.90	All converted on April 30, 2015
Fulfillment of conversion	By issuance of new shares	All converted on April 30, 2015

III. Issuance of preferred stocks: None.

IV. Handling of overseas depository receipts: None.

V. Handling of employee stock options:

(I) Handling of employee stock options: None.

(II) Managers who have obtained employee stock option and top 10 employees who have obtained employee stock options in terms of number of shares obtained up until the publication date of the annual report

Names, obtainment, and subscription: None

VI. Handling of restricted employee shares: None

VII. Handling of merger & acquisition, or being transferred shares of other companies and issuing new shares: None.

VIII. Plans of allocation of funds:

(I) Plans:

1. Completed private offering and capital increased by cash in 2009 of NT$151,892,000. Source of fund: The funders are Director, Serial Systems Limited (public company in Singapore); supplier, TAI-TECH Advanced Electronics Co., Ltd. related company, Pan-gu Investment Co., Ltd; Chairperson related company, Yong-li-yang Enterprise; and Directors' subscription. A total amount of NT$151,892,000 was raised.
2. Private offering, cash capital increased, issuance of new shares in 2010: One-year issuance period expires on June 17, 2011 but no suitable strategic investor was found.
3. Private offering, cash capital increased, issuance of new shares in 2011: One-year issuance period expires on June 10, 2012 but no suitable strategic investor was found.
4. Cash capital increase by public subscription or the book building method in 2012: No issuance in 2012.
5. Cash capital increase by public subscription or the book building method in 2012: NT$ in 2012.

Approved by No.1030021184 of Department of Commerce, Ministry of Economic Affairs published on July 7, 2014

Cash capital increase by issuance of 5,000,000 new shares at the par value of NT$10, issued at premium at NT$13.7 per share.

6. Private offering, cash capital increased, issuance of new shares in 2013: One-year issuance period expires on June 25, 2014 but no suitable strategic investor was found.
7. Private offering, cash capital increased, issuance of new shares in 2014: One-year issuance period expires on June 25, 2015 but no suitable strategic investor was found.
8. Private offering, cash capital increased, issuance of new shares in 2015: One-year issuance period expires on June 25, 2016 but no suitable strategic investor was found.
9. Private offering, cash capital increased, issuance of new shares in 2016: One-year issuance period expires on June 16, 2017 but no suitable investor was found and therefore no private offering was made.
10. Cash capital increase by public subscription or the book building method in 2016: Up until the publication date, no cash capital increase by public subscription or the book building method was made.
11. Private offering, cash capital increase, and issuance of new shares in 2017: 38,400,000 shares were issued, raising total amount of fund of NT$57,600,000.
12. Private offering, cash capital increase, and issuance of new shares in 2018: Up until the publication date, no suitable strategic investor was found and the one-year issuance period expires on June 27, 2019. As a result, the Company's Board of Directors has resolved on May 14, 2019 to not continue with the private offering, cash capital increase, and issuance of new shares.

(II) Allocation of funds, implementation, and outcomes:

1. Private offering, cash capital increase, and issuance of new shares in 2009:

VII. Allocation of funds and implementation

First private offering, cash capital increase, and issuance of common shares in 2009

Purpose of funds: to replenish operating capital, pay back debts to the banks, improve financial structure. Unit: NT$			
Planned amount of spending	78,000,000	Accumulated planned amount of spending and percentage (%)	100%
Actual amount of spending	78,000,000	Accumulated planned amount of spending and percentage (%)	100%
Unspent amount and explanations	Not applicable		
Reasons and improvement	Implementation completed in Q3 2009		

plan where the implementation is ahead of or behind schedule	

Date of publication on Market Observatory Post System: October 8, 2009

Second private offering, cash capital increase, and issuance of common shares in 2009

Purpose of funds: to replenish operating capital, pay back debts to the banks, improve financial structure. Unit: NT$			
Planned amount of spending	24,050,000	Accumulated planned amount of spending and percentage (%)	100%
Actual amount of spending	24,050,000	Accumulated planned amount of spending and percentage (%)	100%
Unspent amount and explanations	Not applicable		
Reasons and improvement plan where the implementation is ahead of or behind schedule	Implementation completed in Q4 2009		

Date of publication on Market Observatory Post System: January 7, 2010

Third private offering, cash capital increase, and issuance of common shares in 2009

Purpose of funds: to replenish operating capital, pay back debts to the banks, improve financial structure. Unit: NT$			
Planned amount of spending	49,842,000	Accumulated planned amount of spending and percentage (%)	100%
Actual amount of spending	30,000,000	Accumulated planned amount of spending and percentage (%)	60.19%
Unspent amount and explanations	Funds were allocated to paying back loans from banks that are gradually coming to due and therefore are not used all at once.		
Reasons and improvement plan where the implementation is ahead of or behind schedule	Implementation completed Q3 2010		

Date of publication on Market Observatory Post System: July 8, 2010

Third private offering, cash capital increase, and issuance of common shares in 2009

Purpose of funds: to replenish operating capital, pay back debts to the banks, improve financial structure. Unit: NT$			
Planned amount of spending	19,842,000	Accumulated planned amount of spending and percentage (%)	100%

Actual amount of spending	19,842,000	Accumulated planned amount of spending and percentage (%)	100%
Unspent amount and explanations	Not applicable		
Reasons and improvement plan where the implementation is ahead of or behind schedule	Implementation completed in Q3 2009		

Date of publication on Market Observatory Post System: October 4, 2010

(2) Analysis of implementation outcome:

The total NT$151,892,000 of fund raised has significantly improved the Company's current ratio, reduced interest expense, and lowered debt ratio. These outcomes meet the expectations of the plan.

2. Private offering, cash capital increased, issuance of new shares in 2010: One-year issuance period expires on June 17, 2011 but no suitable strategic investor was found.

3. Private offering, cash capital increased, issuance of new shares in 2011: One-year issuance period expires on June 10, 2012 but no suitable strategic investor was found.

4. Cash capital increase by public subscription or the book building method in 2012: No issuance in 2012.

5. Cash capital increase by public subscription or the book building method in 2012:

(1) Allocation of funds and implementation

Project number and name			1. 6259 Bull Will	
Categorization of the project			3. Pay back debt	
Amount of fund needed			50,000	
Starting year			2014	
Completion date			Sep 30, 2014	
Progress of fund application				
	Q1	Q2	Q3	Q4
2014	0	0	50,000	

Date of publication on Market Observatory Post System: October 9, 2014

(2) Analysis of implementation outcome:

The total NT$68,500,000 of fund raised has significantly improved the Company's current ratio, reduced interest expense, and lowered debt ratio. These outcomes meet the expectations of the plan.

6. Private offering, cash capital increased, issuance of new shares in 2013: One-year issuance period expires on June 25, 2014 but no suitable strategic investor was found.
7. Private offering, cash capital increased, issuance of new shares in 2014: One-year issuance period expires on June 25, 2015 but no suitable strategic investor was found.
8. Private offering, cash capital increased, issuance of new shares in 2015: One-year issuance period expires on June 25, 2016 but no suitable strategic investor was found.
9. Private offering, cash capital increased, issuance of new shares in 2016: One-year issuance period expires on June 16, 2017 but no suitable investor was found and therefore no private offering was made.
10. Cash capital increase by public subscription or the book building method in 2016: Up until the publication date, no cash capital increase by public subscription or the book building method was made.

11. Private offering, cash capital increase, and issuance of new shares in 2017:

(1) Allocation of funds and implementation

Purpose of funds: Others (to replenish operating capital and pay back debts). Unit: NT$				
Planned amount of spending	57,600,000	Accumulated planned amount of spending and percentage (%)	57,600,000	100.00%
Actual amount of spending	57,600,000	Accumulated planned amount of spending and percentage (%)	57,600,000	100.00%
Unspent amount and explanations	Not applicable			
Reasons and improvement plan where the implementation is ahead of or behind schedule	All funds spent by Q4 2017			

(2) Analysis of implementation outcome:

The total NT$57,600,000 of fund raised has significantly improved the Company’s current ratio, reduced interest expense, and lowered debt ratio. These outcomes meet the expectations of the plan.

12. Private offering, cash capital increased, issuance of new shares in 2018: issuance period expires on June 27, 2019.

No suitable investor was found and therefore no private offering was made.

Chapter 5. Operation Overview

(I) Business Contents

(I) Business Scope

1. Main contents of business

(1) Manufacturing of computers and the peripheral equipment

(2) Manufacturing and reproduction of recorded media

(3) Manufacturing of wired communication equipment and apparatus

(4) Manufacturing of telecommunication equipment and apparatus

(5) Manufacturing of electronic components

(6) International trading

(7) Wholesale of computing and business machinery equipment

(8) Wholesale of telecommunication instruments

(9) Wholesale of computer software

(10) Wholesale of electronic materials

(11) Software design services

(12) Data processing services

(13) Digital information supply services

(14) Product Designing

(15) Telecommunication control RF equipment input

(16) Except for permitted business, the company may engage in business not prohibited or restricted by law.

2. Sales proportion of main products

Unit: NT$ 1,000

Year / Product	2018		2017	
	Amount	Percentage (%)	Amount	Percentage (%)
Standard electronic components	142,415	57.92%	165,614	57.71%
Customized magnetic components	101,198	41.16%	114,150	39.78%
Electronic components for automobile	1,788	0.73%	4,974	1.73%
Others	474	0.19%	2,216	0.78%
Total	245,875	100.00%	286,954	100.00%

3. The Company's current products and services

(1) The production and sales of radiation protection components and static/surge protection components

(2) The production and sales of power supply magnetic coil components

(3) The production and sales of chip inductors and coil inductors

(4) The distribution of triple insulated wire

(5) The distribution of high-frequency ferrite cores and alloy cores

(6) The distribution of APEC's MOS FET

(7) Import and export of other electronic components and materials

4. Newly developed products

Product category	Application of newly developed products
Surface Mounted components (SMD standard products)	Applied in high-speed transmission interface, direct current input of all types of chips, and EMI/EMC solutions for high-frequency clock rate calculators.
Reactors of composite magnetic materials combined with flat copper wire (Hybrid reactors)	1. PV inverter for wind turbine and solar power 2. Variable-frequency household appliances 3. Electronic power converter for automobiles and le
High-performance, high-power inductors (PHD chokes)	PHC needed for power supplies of 80 Plus Gold and chokes & output chokes
Ultra-thin power inductors (Super slim PFC chokes)	Applied in slim, high-performance power supplies, such as those used in cloud servers and flat screen TVs
Wireless charging coils (Tx & Rx coil units)	Applied in the transmitting end and receiving end of power modules in wireless power systems
High-performance, high-power reactors (PHD Reactors)	1. Renewable energy inverter system 2. Electric car charging pole
Flat wire coil common mode choke	Applied in line filters on the input end of 100W-500W power supplies

5. New products in plan

Product category	Application of new products in plan
High C/P output chokes (Hi-C/P output chokes)	Applied in ripple suppression in the high-current output in all kinds of power supplies. The traditional designs suffer from the high price of flat wires and the high cost of mold processing. If low-cost solutions for wire materials and processing can be found, market expansion is possible.

(II) Sector Overview

1. Current Status and Development of the Sector

(1) Sector overview: in the electronics sector

A. Since 2010, bobbin wound inductors have been the core product of the Company and its subsidiaries. Upstream and downstream strategic collaborations in the industry has been an important strategy of the Company. In addition to developing new products in collaboration with upstream magnetic core materials suppliers, we targeted selected collaborators with potentials to form alliances to expand our horizon and extend our product lines fast and effectively. Meanwhile, we conducted technical exchange with and introduced new manufacturing processes from our Japanese partners, to push for growth of our Japanese market share.

B. Looking at developments in the electronics industry, handheld devices have become the electronic products with the most potential for growth. Products such as Net Book, MID (Mobile Internet Device), PND (Personal Navigation Device), laptops, mobile phones, and wearable devices change rapidly and are constantly advancing. Fast introduction of new products will become a key competitive advantage. Bull Will has worked in the domain of electro-magnetic compatibility solutions and components for over 20 years, and is heading into the director of developing whole series of SMD products. We hope to satisfy the demand of systems customers for comprehensive solutions of power supply and EMI/EMC. New products will be launched as soon as possible to gain competitive advantage in the market.

C. The advantage of low labor cost in China, with the yearly increase of nearly 30% in minimal wage in recent years, has ceased to exist and began eroding the profit of companies. Shortage of labor and high turnover are also major influences on product quality. In response to these, the Company has developed ″PHD″ structure component designs of high effectiveness and the advantage of automated production. Currently, patents in Taiwan and China have been obtained. On one hand, this development is expected to relax the magnet coil industry from the over-reliance on human labor. On the other hand, the Company will be able to enter the high-end power supply market and increase the profitability of the products.

D. Global warming and natural disasters caused by the extreme climate are major issues. In response, energy saving, carbon reduction, and the development of renewable energy have become a global focus, among which solar power and wind power are the domains with the most advancement. In the entire system of renewable energy power generation, the development and growth in inverters are likely to lead to a peak in high-power electronic components. In addition, energy labels for energy-efficient variable-frequency home appliances are being pushed by governments of many countries as a major policy. The market demand for variable-frequency drives is expected to boost the growth in reactors.

E. Europe has been dedicated to developing in the domain of electric vehicles (EV). However, impacted by the financial crisis, the automobile market has suffered a downturn, not meeting the expectations for growth. However, with the more stringent restrictions of fuel burning efficiency for automobiles from 2015, car makers have changed their strategies accordingly. Hybrid electric vehicles (HEV) and 48V generators have become the focus, within which the demand for KW-grade power reactors for electrical control systems and power converters is expected to reach a larger market scale. Mainland China has also promoted and enforced energy saving and carbon reduction. In major cities electric buses is one of the pioneering policies. With the deployment of charging infrastructure, the common adoption of electric vehicles in Mainland China is gradually realizing.

(2) Correlation between upper, middle and lower-stream sectors

The Company manufactures power supply magnetic electrical component and coils and is positioned in the middle stream of the industry. Focusing on high transmission speed and energy efficiency while dedicating R&D to assembling techniques of high density to decrease size, the Company uses automation solutions to decrease the reliance on human labor, and elevated the flexibility and efficiency of production. Upstream raw materials include cores, powder, and wires. Downstream is comprised of companies in communication, IT, and consumer electronics.

The relationships between players in the sector of coil inductors are indicated in the following diagram.

Upstream	Midstream	Downstream
Fe-Si-Al Alloy Powder Magnetic Core Fe-Si Alloy Powder Magnetic Core Fe-Ni Alloy Powder Magnetic Core Fe-Mo-Ni Alloy Powder Magnetic Core Non-Crystalline Alloy Powder Magnetic Core Non-Crystalline Strip Magnetic Core MnZn Ferrite Core MiZn Ferrite Core Copper Conductor	Wound Inductance Coil Transformer Reactor	Communication Products: Mobile phone, PDA, telephone, fax, switchboard, server and other communication terminal and client equipment. Consumer Electronics: TV, VCR, stereo, refrigerator, CD/DVD player, etc. Information Products: Motherboard, power supply, all kinds of display, data machine, CD-ROM drive, hard disk drive, scanner, printer, MP3 player and other computer peripheral products and cables & wires.

(3) Development trends and competition status of products

A. Development trends of products

The development trends of inductors follow the development of systems products. The main application for inductors is in computer related peripheral products and consumer electronics in communication, and by extension also in automobile electronics and renewable energy related products.

a. In terms of the design for PFC choke for power factor correction, high performance, high reliability, and reasonable cost and manufacturing control are the main areas of development for Bull Will. With the positive feedback from major brands of high-end power supplies including AcBel Polytech Inc., FSP Group, and Zippy Technology Corp for our first generation PHD30 series, the launch of the second generation PHD-PQ series is expected to expand the covered applicable range of power, among which the BWLX-PQ2620A1 model was included in Chicony Power’s power supply for SONY PS4 in 2014, with an accumulated shipment of 6Mpcs. In addition, positive feedback was received from the highly demanding Japanese market, such as Toshiba, who incorporated our BWLX-PQ32 series in the power supply of their multi-function printer. Niche PHD products will be promoted to all power supply application domains.

b. In the market of power supply for flat screen TV, the Company drew from its success with PHD and designed ultra-thin PFC chokes to differentiate from competitors, and hopefully re-enter this market we have been away from.

c. In terms of power electronic system above KW grade, such as renewable energy power system, automobile electronic system, and power systems for variable-frequency product, the Company has successfully developed all kinds of reactors, with the introduction of composite cores and flat wires to increase efficiency and lower cost. We have established collaborations with a partner in Taiwan and we are currently making prototypes and discussing test manufacturing. In addition, the PHD PQ50 series have been incorporated into the inverter system for three-phase 5KW wind power generators. Our PHD products and their outstanding features have been taken to the next level of reactors.

B. Competition

Competition is fierce between domestic manufacturers of coil inductors. Facing fierce competition, and in response to the strong global demand for electronics, the Company expanded the manufacturing capacity for our existing products, maintains an image of high-quality, actively pursues and develops markets in Europe and North America, and develops high-end products for customers to gain competitive advantage.

There are more than 100 manufacturers for inductors and coils in Taiwan. In the wound inductor sector the Company is in, Jun-Mao, Magic Technology, LSE, and Yu Jing Technology are major competitors. The Company has made efforts in attracting talents, forming strategic alliances, sales and marketing integration of upstream and midstream businesses, develop a strategy, and intensify the Company’s competitive advantage.

(III) Technology and R&D Overview

(1) R&D personnel, their academic background and work experiences

The Company and its subsidiaries have undergone an organizational restructure in 2011, transforming the Company as a distributor and OEM manufacturer to a business model of all-in-one services including R&D and design. For this aim, the Company reassigned the Engineering Office as the R&D and Engineering Office and tasked it with the R&D of new products, innovative design, and customization.

April 30, 2019

Level of education	Number of Persons	%
Higher education (colleges and universities)	3	100.00%
Total	3	100.00%
Average tenure	5.27	

(2) Research and development expense

Unit: NT$ 1,000

Items	2017	2018	Up until March 31, 2019
Research and development expense (A)	4,530	4,119	829
Net operating income (B)	286,954	245,875	45,163
(A)/(B)	1.58%	1.68%	1.84%

(2) Successfully developed technology or products

Year	Successfully developed technology or products	
2011	1. Introduction of low-cost design of copper-clad aluminum wires 2. PFC chokes with new PHD structures 3. Innovative design and patent preparation for inductor components with composite magnetic structures	1. All kinds of high-voltage reactor and SG magnetic ring with automatic winding products 2. Power supplies of 80 Plus Gold and Platinum
2012	1. Obtained the Taiwan R.O.C. and China patent for “Wire wound inductors with replaceable core” 2. The first generation of PHD patented products: BWLX3015 & BWLX3020 series 3. Wireless charging coils	1. Wireless chargers of 80 Plus Gold and Platinum 2. Wireless chargers for consumer electronics

Year	Successfully developed technology or products	
	(Tx & Rx coil units)	
2013	1. Second generation of PHD patented products: BWLX-PQ26 & BWLXPQ32 series. 2) High-power reactors	Power supplies of 80 Plus Gold and Platinum
2014	1. Ultra-thin PHD patented products: BWLX-PQ3211 series. 2. High-power PHD reactors: BWLX-PQ50 series.	1. Applied in the power supplies for flat screen monitors or TVs 2. Inverter systems for renewable energy and electric car charging poles.
2015	1. Ultra-thin PHD patented products: BWLX-PQ2715F-V series. 2. BWLX-EQ4030 series	1. Applied in the ultra-thin power supplies for flat screen monitors or TVs 2. 800W power supplies of 80 Plus Gold and Platinum
2016	1. Advanced PHD-2 core structure Obtained the Taiwan R.O.C. and China patent for "wound inductor component" 2. Flat wire coil common mode choke	1. Lowered the cost of core for first generation PHD products. 2. More flexibility and versatility in the adjustment of chokes

(4) Future R&D plans and estimated R&D spending: No plans yet.

(IV) Long-Term and Short-Term Business Development Plans

(1) Short-Term Business Development Plans

A. Marketing strategy

a. Continuously reinforce customer support and service to local existing customers, and through affiliated company, Serial Systems,

and its sales and marketing divisions in China, approach and develop relationships with important potential customers in China.

b. Continuously establish the brand image of components the Company is distributing, strengthen and expand the scale of operations domestically and overseas.

c. Shorten delivery time, establish a complete service network, to increase customer satisfaction.

d. Continuously seek strategic collaboration with international corporations.

e. Increase the added value of our products, explore the niche markets overseas.

B. Product development directions

a. Integrating the Company's engineering technologies and resources, application engineers provide customized product design services.

b. Continuously develop PFC chokes of high reliability and high performance.

c. High-performance, high-power reactors

d. Applying the patented design of second generation PHD structure to develop various power inductor products.

e. Ultra-thin PFC chokes.

f. Applying the patented design of advanced PHD-2 structure to develop various power inductor products.

C. Operation scale and corresponding financial planning

A. Promote information circulation. Establish communication network between Taiwan headquarter, component suppliers, and customers,

to speed up the cause-and-effect between different parties, achieve a seamless integration of production and sales, and boost performance.

b. Common and special training for employees of all levels to increase their professionalism and help employees adapt to the dynamic world,

catch up on global trends, and boost their performance.

c. Continuously upgrade ERP system, using the best operational process to build an e-commerce environment

(B-to-B) for customers and suppliers with the convenient, fully automated functionality of procurement, placing orders, checking orders, and receiving and making payments.

d. Reinforce financial management, centrally plan the funding, production, and sales of subsidiaries, and expand when appropriate the production lines to increase

operational scale.

e. With a corporate culture of proactiveness, diligence, and responsibility, take concrete actions and strengthen the operation from ground up for a healthy and

robust organization.

(2) Long Term Business Development Plans

A. Marketing strategy

a. Based on the good interaction between upstream suppliers and downstream customers, promote a seamless integration of production and sales and form strategic alliances.

b. Train professional salespersons with technical background for the future trend of technical selling in the market.

c. Allocate sufficient resources to the local sales and marketing offices and maintain a good relationship with customers.

d. Plan regional warehouse facilities in response to market competition demands.

B. Product development directions

a. Develop IT and communication related components of high added value

b. Develop packaged L-C ultra-wideband electronic filters

c. Develop composite magnetic cores, aiming for high-power, high performance, and low-cost reactors

d. Extending from the new PHD structure design, design the core product line of Bull Will.

e. Using partner resources, develop high-power, low-frequency silicon steel sheet type reactors and transformers.

C. Operation scale and corresponding financial planning

a. Implement quality control and computerized operations to lower operating cost

b. With the increasing operational scale, conduct organization restructuring, enforce horizontal connections, and realize the teamwork spirit.

c. Implement specialized and focused operation, technical orientation, and best value for money, to build competitive advantage.

d. Continuously improve financial capabilities, in accordance with the long-term business plan of the Company, make careful planning

and preparation of funding.

e. Use various tools in the capital market to obtain funding at low cost to support the operation and development of the Company.

II. Market, Production & Sales Status

(I) Market Analysis

(1) Sales (provided) region of main products

Unit: NT$1,000; %

Items \ Year		2018		2017	
		Amount	%	Amount	%
Domestic sales		31,466	12.8%	35,391	12.33%
Overseas sales	Asia	211,938	86.2%	247,548	86.27%
	Americas	0	0.00%	2,156	0.75%
	Europe	2,471	1.00%	1,859	0.65%
Total		245,875	100.00%	286,954	100.00%

(2) Market share

Due to that there are many kinds of electronic component products being distributed, and each agent covering different product lines, it is difficult to estimate market share objectively. The customers of the Company and its subsidiaries include major brands of laptop, cloud server, industrial computer, digital camera, handheld consumer electronics as major players in the market.

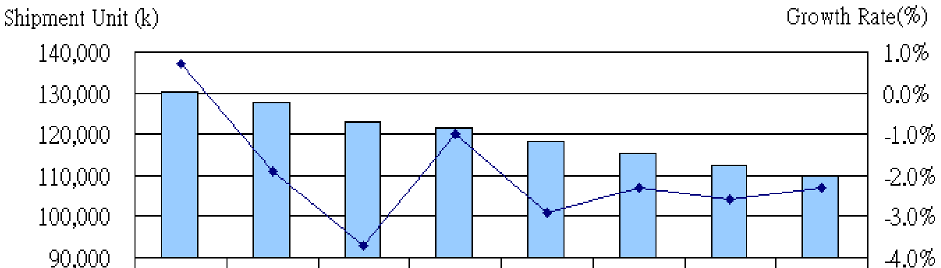
(3) Supply and demand, and potential growth of future market

In terms of market analysis for the global inductor application market, due to that the products of the Company and its subsidiaries are applied in the power supplies or transformers of PC and servers, the Company has been actively development new products and clientele, for example, supplying to TaiDoc Technology for their MOSFET/inductor products to enter the healthcare market of blood glucose meters and blood pressure monitors, as well as supplying to Furukawa Denshi (Japan) to enter the automobile industry. The main applications of the products of the Company and its subsidiaries and the market status are detailed as below.

A. Desktop computers

According to the research by MIC, Institute for Information Industry published in September 2013, the shipment for desktop computers have decreased most significantly in 2013, but stabilized again in 2014. Windows 8 was launched at the end of 2012 and the business market usually takes 1-1.5 years to evaluate a new system. The high price of touchscreen components for the operating system also has a negative impact on consumers' willingness to buy. However, in the second half of 2013, touchscreen component manufacturers increased their capacity, leading to a decrease of unit price, plus that Microsoft has improved the user interface, business users are expected to begin using Windows 8 on a large scale. With the business customers replacing old machines, the decline of global desktop computers is expected to slow down. In addition, according to the research by MIC, Institute for Information Industry published in July 2013, all-in-one PCs (AIO PC) have the functionality of traditional desktop computers but also are light and compact like laptops. The growing demand for low-cost AIO PCs in emerging markets also contribute to the growth against the general trend of AIO PCs, becoming the focal point of desktop computers. Major desktop computer makers are seeking a new positioning of AIO PCs, continuously optimizing the audio and video entertainment functions to offer a home cinema experience. Bearing designs, touchscreen technology, wireless transmission technology has been integrated in the design. Equipped with batteries for short-range indoor movement, the penetration of AIO PCs in the desktop computer market is expected to continuously rise.

Global desktop computer market scale in 2011-2018



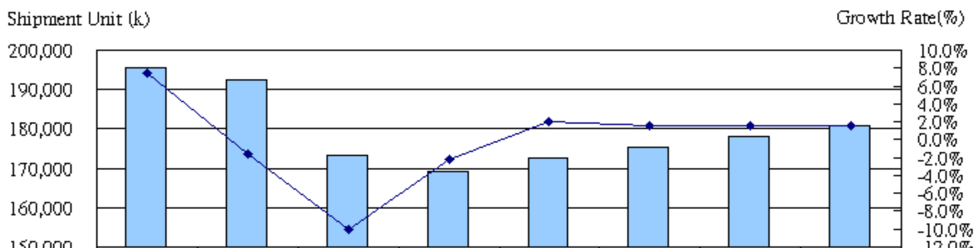
	2011	2012	2013(e)	2014(f)	2015(f)	2016(f)	2017(f)	2018(f)
數量	130,086	127,554	122,790	121,612	118,103	115,386	112,386	109,752
年成長率	0.7%	-1.9%	-3.7%	-1.0%	-2.9%	-2.3%	-2.6%	-2.3%

Source: MIC, Institute for Information Industry (2013.09)

B. Laptops

The growth of laptop computers mainly come from emerging markets and business markets, as well as the major brands constantly launching new products to encourage consumers to buy new devices or replace old devices. According to the research by MIC, Institute for Information Industry published in September 2013, the launch of Windows 8 by Microsoft in 2013 did not boost the demand effectively, causing a significant decline of the global desktop computer market by 10.0% as compared to that of 2012. However, at the end of 2014, with the update of Windows 8, laptops are expected to regain their growth rate of 1-2% in 2015-2018. In addition, market research institution HIS iSuppli also points out, compared to the consumer-oriented tablet computers, laptops still play a crucial role in the business market. Even though the growth of sales is likely to slow down in the near future, laptops are still irreplaceable.

Global laptop computer market scale in 2011-2018



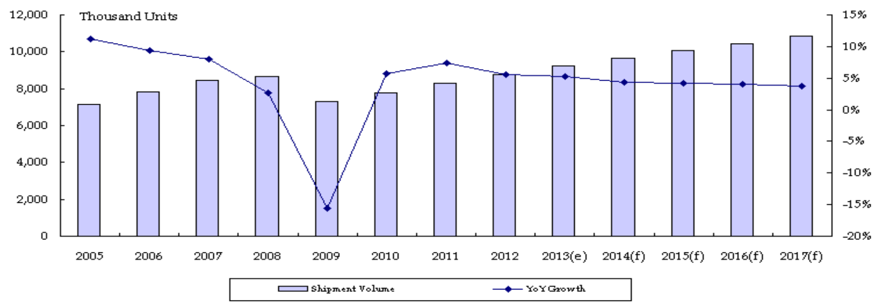
	2011	2012	2013(e)	2014(f)	2015(f)	2016(f)	2017(f)	2018(f)
數量	195,461	192,356	173,139	169,304	172,690	175,453	178,084	180,934
年成長率	7.4%	-1.6%	-10.0%	-2.2%	2.0%	1.6%	1.5%	1.6%

Source: MIC, Institute for Information Industry (2013.09)

C. Servers

In recent years server technology has been developing in the directions of high-intensity, and size minimizing. According to the research by MIC, Institute for Information Industry published in February 2013, steady growth in global servers is expected in 2013-2017. Estimated shipment of servers in 2013 is 92,380,000 units, mainly due to the growing demand for web services in North America and emerging markets in Asia. Many companies are expanding their server rooms. Some large data centers are assembling their own server rooms with non-branded servers to save costs, which lead to an increase of demands. Global shipment of servers in 2013 has grown by 5.3% compared to that of 2012. An estimated global shipment of servers in 2017 is 108,360,000 units, a compound annual growth rate of 4.07%. In addition, cloud equipment is comprised of many high-end servers and hard drives. The demand for stable and safe high-end power supplies is increasing with the trend. The inductor sector is expected to grow even more with the demand for servers for cloud computing.

Global server shipment



Worldwide Server Shipment Volume, 2005 - 2017 Unit: Thousand

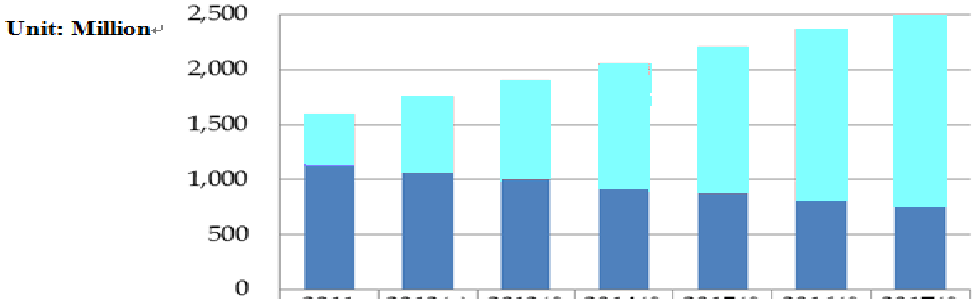
	2005	2006	2007	2008	2009	2010	2011	2012	2013(e)	2014(f)	2015(f)	2016(f)	2017(f)
Shipment Volume	7,148	7,820	8,448	8,675	7,329	7,748	8,317	8,776	9,238	9,647	10,048	10,451	10,836
YoY Growth	11.3%	9.4%	8.0%	2.7%	-15.5%	5.7%	7.3%	5.5%	5.3%	4.4%	4.2%	4.0%	3.7%

Source: MIC, Institute for Information Industry (2013.02)

D. Wireless chargers for mobile device

Due to that wireless chargers are new products, there are no market share data. We will use the data of global smart phone for the following discussion. According to the research by IEK, Industrial Technology Research Institute (ITRI) published in January 2013, the global mobile phone market is expected to continuously grow in 2011-2017, with the key momentum from smart phones. Feature phones are expected to decline. The global smart phone market size is expected to grow from 900,000,000 devices in 2013 to 1,750,000,000 devices in 2017, accounting for 47.4% in 2013 to 69.8% in 2017 of the total mobile phone market. The fad of smart phones has gone from mature market to emerging markets, which is likely to become the key area for developing affordable mobile phones. In addition, according to the research by IEK, Industrial Technology Research Institute (ITRI) published in June 2012, on average every smart phone requires 1,000-1,200 passive components, the average unit price of which is 0.0073 USD in 2013. As a result, the estimated market size for global smart phone shipment in 2013, as indicated in the table below, is 7,256,000,000 USD.

Global shipment of mobile phones in 2011-2017



	2011	2012(e)	2013(f)	2014(f)	2015(f)	2016(f)	2017(f)
Smartphone	466.4	698.3	903.6	1117.9	1337.7	1555.5	1751.0
Basic/Feature Phone	1128.6	1065.4	1001.5	936.4	870.9	809.9	758.1
Total	1595.0	1763.7	1905.1	2054.3	2208.6	2365.4	2509.1
Smartphone Ratio	29.2%	39.6%	47.4%	54.4%	60.6%	65.8%	69.8%

Source: MIC, Institute for Information Industry (2013.01)

E. Automobiles

With the rise of automobile market share taken by emerging markets, the percentage in 2011 has exceeded 50%. Growth of the China market is particularly impressive, with other emerging markets following closely behind in terms of the rate of growth. The increasing demand for automobile parts in the emerging markets is likely to push for an increasing demand for inductor components.

In summary, the future growth of the industry sector the Company and its subsidiaries are in depends on consumer electronics such as PCs, servers, mobile device chargers, and home appliances. While the European and American markets are becoming mature, Mainland China and other emerging markets will become the main force of consumption. As a result, all end consumer products will become more and more affordable.

(4) Competitive niche

A. A clear product and market positioning

The Company and its subsidiaries pride themselves as the “designer and manufacturer of professional power magnetic components.” At the moment we produce and distribute four kinds of products, standard electronic components, customized magnetic components, automobile electronic components, and upstream raw materials. We differentiate professionally other TSEC/TPEx listed companies in the same sector, particularly in the customized magnetic component market where our product combination is highly comprehensive. We are able to provide comprehensive technical service and the convenience of one-stop shopping to our customers. With the continuously prosperous 3C industry and the rapid growth in solar power, the Company has pursued niche electronic components that are likely to become the future trend and technological directions of the future. Particularly in the wireless communication industry and post-PC era peripheral products, new markets will be explored to maintain our competitive advantage.

B. Professional product service capabilities

The global logistics production model has extended the value offered by professional electronic component manufacturers and retailers from merely products and pricing, to back office support. The Company not only offers a comprehensive supply and shipment plan adapting to downstream customers' production plans, but also integrate with the factories to provide the best back office support. In addition to allowing professional engineer teams to support sales personnel in promoting products, they also actively assist customers in resolving technical issues, to help customers obtain a first-mover advantage with their new products in the market, and elevate the overall efficiency and end-consumer satisfaction.

C. A solid management team

The Company was founded by experienced persons in the R&D and distribution of electronic components. Key members of the management team all have expertise in electronic component distribution, and have accumulated familiarity with and sales and marketing experiences in the industry, as well as deep understanding of customer demands and the market. As a result, operational directions and a sales and marketing network can be effectively established. Comprehensive training programs for employees to equip them with cutting edge knowledge and skills, as well as educating them on service consciousness, which is crucial to providing timely and professional services to customers. In addition, the Company holds monthly management committee meetings to grasp the trends and changes in the industry and the market, continuously updates its strategy for distributing electronic components, to increase the market value of distribution.

D. Consolidation of factories

To provide stable and high-C/P capacity support to customers, accommodate their design requests, and produce timely samples for their R&D needs, the Company has integrated its Guangdong production facility into its Huizhou Chunchao facility. With the centralized management and a solid production team, competitive advantage was intensified significantly.

(5) Advantages and disadvantages in the long shot and corresponding measures

A. Advantages

a. A comprehensive product combination

The Company currently produces and distributes more than 10 categories of products, among which many from renowned global brands, with comprehensive product lines of hundreds of different products, providing our customers comprehensive solutions and services, and the convenience of one-stop shopping. Customers, in turn, are able to lower their risk in stocking and save time in making purchases.

b. Professional engineering team

The Company has a professional engineering team specialized in magnetic circuit design, electromagnetic interference analysis and solutions, and coil inductor design. We are able to assist our customers in applying the electronic components in their products as soon as possible, in order for downstream customers to gain first-mover advantage in the market. In addition, through co-development or commissioned development, we offer comprehensive solutions and build long-term partnerships with our customers.

C. Increasing importance of distributor value in the vertically integrated industry

Currently the information electronics industry is in the advantage of being highly vertically divided in terms of labor. To upstream suppliers, electronic component distributors can help them save on management expenses, provide the latest updates on the market, help suppliers pursue the best marketing strategy in a timely manner. To downstream customers, they can provide timely technical support and the needed components. Therefore, the midstream role of electronic component distributors is valued by upstream and downstream customers. The Company is recognized by the upstream suppliers as well as downstream customers, an evidence of our irreplaceable market leading position that we have established since founding.

d. Continuous growth in end consumer products

The electronic component produced and sold by the Company and its subsidiaries are mostly applied in laptops, handheld devices (UMPC, MID, PND, digital cameras, digital photo frames), wireless network and communication products, LCD Monitor/TV, inverters for the renewable energy sector, cloud servers, and healthcare and medical devices--exactly the industry sectors with the most growth potentials. The continuous growth of the market scale of end consumer products is expected to boost the sales performance of the Company.

B. Disadvantages

a. Fierce price competition

The domestic manufacturers and distributors of electronic components tend to be similar in some products, and great in number, and therefore price competition is fierce.

Corresponding strategies:

I. Maintain good relationships with existing customers, provide stable supply, good pre-sale and post-sale services, and technical support. Continuously explore new markets and develop new clienteles.

II. Develop products with niche for manufacturing and distribution, create rich and versatile product combinations, develop business-oriented marketing strategies, to differentiate from competitors in the same sector.

III. Maintain products lines with higher margins and fight for obtaining the distribution rights of future niche products.

IV. Win approval of upstream suppliers by a solid performance record and a comprehensive marketing network. Gain the long-term support and trust of customers with a professional image.

b. Short product life cycles

The electronics industry has the characteristics of short life cycles and quickly decreasing prices, indirectly causing the low margin of components.

Corresponding strategies:

I. There are different timings of generation alternation for different products. The Company diversifies in its products to spread the risk.

II. The automated winding process is characterized by high flexibility in production planning, allowing a quick response to the changes in market demand and lowering the risk of idle stock.

III. Give priority to products with greater margins for which professional design assistance for the customers is required.

IV. Form alliances with suppliers to establish uniqueness and high entry barriers for new products

c. Foreign exchange rate risk

Part of the Company’s distributing products are imported from Japan, sold to domestic downstream customers. As a result, exchange rate risk is relatively high.

Corresponding strategies:

I. Letting debt and claim in foreign currency offset each other to achieve natural hedging effect.

II. When Japanese Yen continues to appreciate, takes out loans for purchasing raw materials in NTD or USD instead of JPY so that they are more advantageous for the Company.

III. Monitor closely the changes of foreign exchange rates and the Company’s need for funds, determine the timing for making exchanges to that minimizes the negative impact of exchange rate changes on the Company’s profitability.

IV. The finance department should use forward exchange operations to avoid losses from exchange rate fluctuations.

(II) Main Functions of Products and Manufacturing Processes:

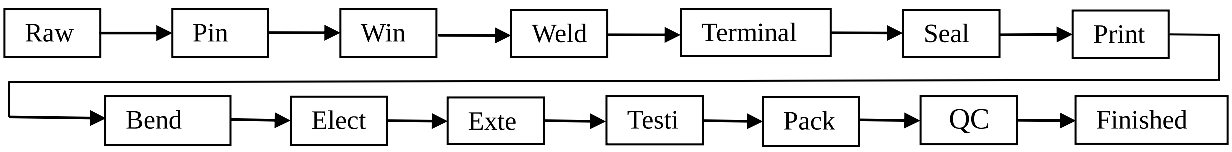
1. Main functions:

Product	Use and functions
Radiation protection and solution components	Magnetic beads, cores, static/surge absorbers, common mode coils, absorbers; with key functions of filtering/suppressing noise and static surge, in compliance with safety regulations of different countries; and used mainly in laptops, monitors, mobile phones, PDAs, and wireless earphone microphones.
Power supply magnetic components	Energy-storing inductors, power-adjusting inductors; with key functions of storing energy to supply rush current, adjusting power factors, and improving surges; and used mainly in PCs, home appliances, monitors, and chargers.
Triple insulated wires	Triple insulated wires: mainly referring to special insulated wires used in transformers.

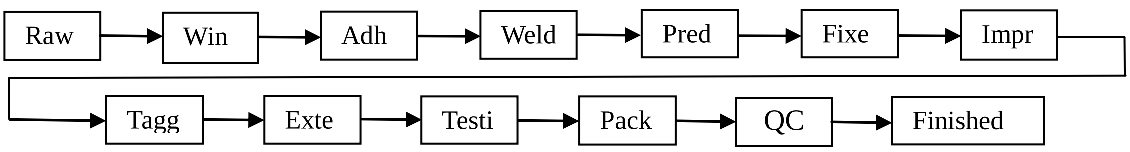
2. Production Processes:

Radiation protection components and solutions - In addition to the products the Company distributes, a description of the production process of the common mode coils products manufactured by the Company is as below.

a. SMD common mode inductor

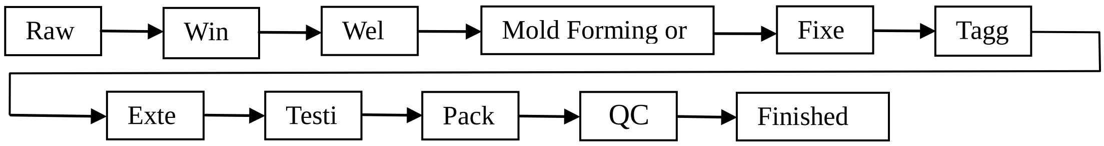


b. Wound common mode inductor

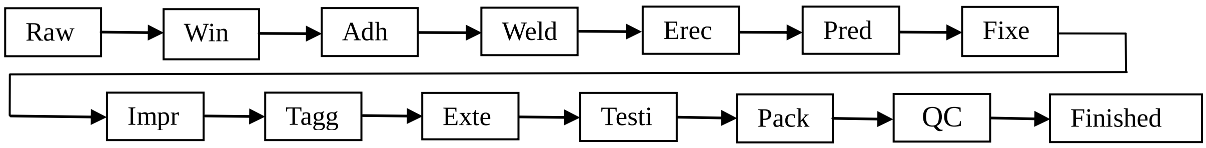


B. Power supply magnetic components - a description of the production process of the power inductor products manufactured by the Company is as below.

a. SMD common mode inductor



b. Wound common mode inductor



C. Other LED, triple insulated wires - mostly distributing products the production process of which will not be explained here.

(III) Supply Status of Primary Raw Materials

The primary raw material of the Company includes cores, bobbins, and copper wires. There are always at least two recognized material suppliers to ensure stable supplies. Established long-term partnering with main raw material suppliers to ensure the Company is always prioritized in terms of pricing and delivery terms.

(4) Name of customers ever accounting for more than 10% of the total purchase (sale) in any one year of the recent two years:

1. Key suppliers in the recent two years

Unit: NT$ 1,000

	2017				2018				Up until Q1 2019			
Item	Name	Amount	Percentage of the net purchase of the year	Relation to the issuer	Name	Amount	Percentage of the net purchase of the year	Relation to the issuer	Name	Amount	Percentage of the net purchase of the year	Relation to the issuer
1	YOUNG	27,098	14.31%	27,098	TAI-TECH Advanced Electronics Co., Ltd.	16,509	10.54%	None	Pacific Electric Wire and Cable Co., Ltd. (PEWC)	3,008	11.65%	None
2	TAI-TECH Advanced Electronics Co., Ltd.	20,396	10.77%	20,396	Others	140,153	89.46%	None	Others	22,815	88.35%	None
	Others	141,829	74.92%	141,829								
	Net purchase	189,323	100.00%	--	Net purchase	156,662	100.00%	--	Net purchase	25,823	100.00%	--
Reasons for increase/decrease: mainly due to the decrease of sales of electronic components, purchase has decreased.												

2. Key customers in the recent two years

Unit: NT$ 1,000

	2017				2018				Up until Q1 2019			
Item	Name	Amount	Percentage of the net sales of the year	Relation to the issuer	Name	Amount	Percentage of the net sales of the year	Relation to the issuer	Name	Amount	Percentage of the net sales of the year	Relation to the issuer
1	Lite-On Technology Co., Ltd.	43,739	15.24%	None	Lite-On Technology Co., Ltd.	45,330	18.44%	None	Lite-On Singapore	6,817	15.09%	None
2	Lite-On (Guangzhou)	29,955	10.44%	None	Huili Shenzhen of FSP Group	30,401	12.36%	None	Huili Shenzhen of FSP Group	5,643	12.49%	None
3	Others	213,260	74.32%	None	Others	170,144	69.20%	None	Others	32,703	72.42%	None
	Net sales	286,954	100.00%	--	Net sales	245,875	100.00%	--	Net sales	45,163	100.00%	--
Reasons for increase/decrease: mainly due to the decrease of orders, sales have decreased.												

(五)Table of production volume and value of the recent two years:

Unit: 1,000 pieces/ NT$1,000

Year / Production Volume / Value / Main product Or department	2017 Bull Will Group			2018		
	Production capacity	Production volume	Production Value	Production capacity	Production volume	Production Value
Electronic components	7,786	6,489	54,031	7,225	6,020	96,354

(六)Table of sales volume and value of the recent two years:

Unit: 1,000 pieces/ NT$1,000

Year / Sales / Volume / Value / Main product Or department	2017				2018			
	Domestic sales		Overseas sales		Domestic sales		Overseas sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Electronic components	62,436	35,391	253,402	251,563	24,342	31,466	211,503	214,409

(VII) Historical performance targets

Year / Analysis Items (Note 1)		Financial Analysis for the Most Recent 5 Years (Note 1)					
		2014	2015	2016	2017	2018	March 31, 2019
Historical performance targets	Return on assets (%)	(4.01)	(12.13)	(62.58)	(18.26)	(8.99)	0.5
	Return on Equity (%)	(10.78)	(23.06)	(124.48)	(43.15)	(16.12)	0.83
	Percentage of Net Profit Before Tax of Capital (%)	(8.41)	(18.99)	(61.78)	(3.24)	(1.68)	0.06
	Profit margin (%)	(3.86)	(12.12)	(101.10)	(20.64)	(8.38)	2.14

	Earnings Per Share (NT$)	(0.89)	(1.83)	(6.03)	(0.68)	(0.19)	0.01

Note 1: Financial information listed has been certified by auditors.

(VIII) Sector-specific key performance indicators

Analysis Items \ Year		Financial Analysis for the Most Recent 5 Years (Note 1)					
		2014	2015	2016	2017	2018	March 31, 2019
Operating Capacity	Receivables Turnover Rate (Times)	3.12	2.85	1.55	1.43	1.39	1.22
	Average Collection Days	117	128	235	255	262	299
	Inventory Turnover Rate (Times)	5.44	3.91	1.86	1.23	1.28	1.01
	Payables Turnover Rate (Times)	12.07	9.93	5.41	4.61	4.89	4.40
	Average Days for Sale	67	93	196	296	285	361

Note 1: Financial information listed has been certified by auditors.

三、Employee Information

Employee Information for the Recent Two Years Up to the Publication Date of This Annual Report

Year		2017	2018	Up until April 30, 2019
Number of Employees	Business	9	8	6
	Administration	15	15	15
	Research and Development	4	3	3

	Total	28	26	24
Average Age		45.2	44.5	45
Average Years of Service		9.5	10.38	10.68
Distribution of Academic Qualifications	Ph.D.	0	0	0
	Masters degree	10.70%	7.70%	8.30%
	Undergraduate	89.30%	88.50%	87.60%
	Below undergraduate	0	3.80%	4.10%
	Total	100.00%	100.00%	100.00%

IV. Information on Environmental Protection Expenditure:

(I) In the recent two years up until the publication date of the annual report, the pollution damage caused and penalty paid by the Company, future corresponding measures and expected expenditure

1. Pollution damage caused and penalty paid by the Company: In 2018 and up until the publication date of the annual report, the Company did not cause any pollution damage or pay penalty for it.

2. Future corresponding measures and expected expenditure: In 2018 and up until the publication date of the annual report, there was no pollution damage with major impact or related expected expenditure.

V. Labor-Management Relations

(I) Employee benefits, further education, training programs, retirement plans, and the implementation status and negotiation with employees.

1. Employee benefits and the implementation status

A. Group insurance

B. Travel insurance

C. Labor insurance and health insurance: In accordance with regulations of labor insurance and national health insurance, all employees will be included in the Company plan from their first day at work.

D. Bonuses: Gifts (Bonus) for Chinese New Year, Dragon boat festival, Mid-autumn festival, and year-end bonus

E. Allocated funds for setting up the employee benefit committee

F. Subsidized employee annual trip and held regular employee dinners and the year-end banquet.

G. Employees can participate in occasional trainings inside and outside of the Company.

H. Regular employee health check

I. Reward long-term employees

2. Employee's further education and training programs:

The Company provides training programs for employees to educate them, equip them with knowledge and skills,

and to groom future technical specialists and managers. Following its strategic planning, the Company strives to manage its human resources in the most effective way.

"Procedures for further education and training" is in place to guide the actions.

Employee training during the period of 2018.01.01 to 2018.12.31

Course Name	Course Unit	Study Hours	Total Fee (NT$1,000)
How to confirm if the purchasing price is reasonable - techniques and case study of price and cost analysis	Dun & Bradstreet	6	40
2018 seminar on promoting the use of international financial reporting standards in Taiwan"	Taipei Exchange	3	
2018 seminar on corporate governance review system	Taipei Exchange	3	
Seminar on the practice of consolidated financial statements preparation	KPMG Taiwan	3	
The common errors in consolidated financial statements preparation	Deloitte Taiwan	3	
Latest tax law updates and important changes in filing the tax return for Profit-seeking Enterprise Income Tax	Ernst & Young	3	
Professional skills of financial supervisors in Mainland China: On customs, commodity inspection, and the financing related to business and human resources.	Dun & Bradstreet	6	
How to guide teams in reaching consensus and tools that can be applied	Dun & Bradstreet	6	
Professional skills of financial supervisors in Mainland China: other finance administrations, and the latest financial, tax, foreign debt, and trade laws in China	Dun & Bradstreet	6	
Using financial reports to aid decision making, analysis, and management	Dun & Bradstreet	7	
Evaluation of financial indicators and prevention of management risks	Dun & Bradstreet	6	
Analysis of major issues in purchasing and case studies	Dun & Bradstreet	6	
Historical burdens and resolutions for Taiwanese businesses in Mainland China	Hamber Consulting Service Inc.	3.5	

Analysis of the latest amendments to the Company Act	Ernst & Young	3	
Future outlook of offshore corporations: an international perspective	Hamber Consulting Service Inc.	3.5	
The latest amendments to the Company Act and corresponding strategies for companies	KPMG Taiwan	3.5	
2018 notices for TPEx listed companies	Taipei Exchange	3	
Annual plan making and budgeting practices	Dun & Bradstreet	6	
Cross-trait funding operations of Taiwanese companies: case studies	Dun & Bradstreet	6	
Tax affairs and accounting in Mainland China	Hamber Consulting Service Inc.	3.5	
The operation and functions of Board of Directors and functional committees of public companies	Securities and Futures Institute	3	
The monitoring of reinvested businesses and subsidiaries from the perspective of internal control	Securities and Futures Institute	3	
Q4 2018 seminar on promoting the use of international financial reporting standards in Taiwan	Taipei Exchange	3	
Orientation training for first-time internal audit personnel	Securities and Futures Institute	18	
Analysis of the amendments to the Company Act	Hamber Consulting Service Inc.	3.5	
Assessing the hidden risks of Chinese enterprises from financial reports for Taiwanese companies	Hamber Consulting Service Inc.	3.5	
Further education for accounting supervisors of issuers, securities firms, and stock exchanges	Accounting Research and Development Foundation	12	
Method of receivable collection: strategies, techniques, and case studies	Dun & Bradstreet	6	
Self-evaluation practices	Internal Audit Association	6	
The making and reviewing of export and important trade documents	Dun & Bradstreet	6	

3. Safety measure in the work environment for employees

To provide a favorable work environment and safety for employees, the Company follows regulations of worker safety and hygiene and has protective measures in place. Implementation of measures regarding fire protection, safety management, environment and hygiene, and personal safety will be explained:

(1) Human rights: The Company is focused on employee rights and respects gender equality. Employee training programs are in place and continuously implemented. In self-goal setting, human resource deployment, performance review, promotions, salary, and benefits, there is no inequality between genders. Employee grievance system and anti-sexual harassment measures are in place. Work rules are established according to labor law. Employees are informed about any rules and updates through email. Relevant

information is also available on the Company website for reference. The aim is to increase employees' awareness of human rights and regulations.

(2) Fire protection: The Company building is designed and constructed in compliance with the administrative regulations on indoor decoration of buildings published by Ministry of the Interior. Fire protection and emergency exit equipment are renewed regularly. In accordance with the annual fire safety check, an emergency evacuation plan is in place and fire drills are conducted every year. The Company has also purchased public liabilities insurance.

(3) Safety management: The Company building is controlled and monitored by stationed security staff. The elevator key card system and automatic power generator are maintained regularly. CCTVs are installed in blind spots of the building and basement. Sales hall and offices have networked security system in place.

(4) Personal safety: According to labor safety and hygiene regulations, labor safety and hygiene supervisors have been appointed at the headquarter and local offices. These supervisors have been trained and certified for conducting safety and hygiene related work.

In addition, emergency alert mechanism and emergency contact list, anti-sexual harassment measures, and employee grievance system are in place. All employees are included in the labor insurance, health insurance, and group insurance in accordance with law. Employees also receive subsidy for a health check every two years.

(5) Environment and hygiene: The water tower of the Company building is cleaned regularly. Filters of the water fountains are replaced regularly to ensure drinking water quality. The air conditioning system and building environment are maintained regularly. A no-smoking policy, as well as waste sorting and recycling, are enforced building-wide.

(6) Energy saving and carbon deduction: The Company diligently promotes energy saving and carbon deduction, as well as a green environment. The following measures have been taken:

1. LED light bulbs and tubes are installed in the office.
2. Air conditioning is set to 26C and timed.
3. LED lights have been applied to all emergency exit signs and emergency lights.
4. A paper-less electronic system for leave applications and requests for approval.
5. All lights are switched off during lunch break for energy saving.

4. Retirement system and implementation:

The Labor Pension Act will apply to all those starting to work for the Company after (including) July 1, 2005. Depending on personal choice, Labor Pension Act or the pension system under Labor Standard Law will apply to all those starting to work for the Company before (not including) July 1, 2005. Those due for retirement but haven't made a choice, the pension system under Labor Standard Law will continue to apply from the date of implementation. Those qualifying the provision by Article 53 of the Labor Standard Law can proceed to retire. The Company, in consideration of the livelihood of retired employees, has reserved 2% of the monthly salary for pension, saved in a special account at Bank of Taiwan. Retirement related procedures are in accordance with Labor Standard Law. To accommodate the new retirement system, the aforementioned pension reserve has been saved to the individual special account for each employee specified by the Bureau of Labor Insurance.

5. Employee behavior and code of ethics:

The Company has a Code of Conduct in place to guide the behavior of Directors, Supervisors, Managers, and employees of Bull Will. For details of the code please refer to the Company website: http://www.bullwill.com.tw- > Investor Relations.

6. Negotiation between employer and employees:

All new measures or amendments to labor relation related procedures have been deliberated and communicated between both parties before finalizing, and therefore, there is no dispute.

(II) In the recent two years up until the publication date of the annual report, the losses caused by labor relation disputes, current and future estimated costs, and the corresponding measures: There was no labor relation dispute.

(1) In 2018 and up to the date of the publication of the annual report, total amount of losses and penalties due to labor relation disputes:

There was no such situation.

(2) Current and future estimated costs, and the corresponding measures:

The Company dedicates to improving employee compensation, benefits, and work environment. Labor relations meetings are held whenever necessary to ensure voluble communication between the employer and employees and a mutually beneficial work environment.

VI. Important Contracts

April 30, 2019

Type of contract	Involved parties	Starting date and end date of contract	Main content	Restrictions
Distribution contract	TAI-TECH Advanced	From 2001.01.01 until termination of the contract	Non-exclusive distribution of radiation	None

Type of contract	Involved parties	Starting date and end date of contract	Main content	Restrictions
	Electronics Co., Ltd.		protection components (magnetic beads and cores)	
Distribution contract	Hua-Jie Corp.	From 2011.01.01 until termination of the contract	Non-exclusive distribution of switch products	None
Long-term bank loan	Taiwan Cooperative Bank East Taipei Branch	2016.08 to 2019.07	Mid- to Long-term loan	None

Note: Contract terms are typically one-year or two-year, with automatic renewals when due unless one of parties feels otherwise.

Chapter 6. Financial Overview

I. Condensed Financial Information for the Most Recent 5 Years

(I) 1. Individual condensed balance sheet - based on international financial reporting standards

Unit: NT$ 1,000

Year / Item		Financial Information for the Most Recent 5 Years (Note 1)					Up until March 31, 2019 (Note 3)
Item		2014	2015	2016	2017	2018	--
Current Asset		834,070	917,122	323,475	273,256	243,891	--
Property assets, plants, and equipment		13,940	9,926	6,805	5,348	4,144	--
Net Investment Property		24,121	23,968	22,624	22,478	21,157	--
Other Assets		158,592	92,822	60,741	35,424	33,726	--
Total Assets		1,030,723	1,043,838	413,645	336,506	302,918	--
Current liabilities	Before Distribution	305,407	444,333	148,657	99,076	82,263	--
	After Distribution	305,407	444,333	148,657	Note 2	Note 2	--
Non-Current Liability		109,045	7,372	116,441	83,712	88,110	--
Total Liabilities	Before Distribution	414,452	451,705	265,098	182,788	170,373	--
	After Distribution	414,452	451,705	265,098	Note 2	Note 2	--
Equity Attributable to Owners of Parent Company		616,271	592,133	148,547	153,718	132,545	--
Share Capital		655,525	729,364	729,364	1,113,364	1,113,364	--
Capital surplus		79,212	48,603	43,306	43,306	43,306	--
Retained Earnings	Before Distribution	(121,426)	(188,309)	(628,015)	(1,010,109)	(1,030,829)	--
	After Distribution	(121,426)	(188,309)	(628,015)	(1,010,109)	Note 2	--
Other Equities		2,960	2,475	3,892	7,157	6,704	--
Treasury stock		--	--	--	--	--	--
Non-Controlling Interest		--	--	--	--	--	--

Equities Total	Before Distribution	616,271	592,133	148,547	153,718	132,545	
	After Distribution	616,271	592,133	148,547	153,718	Note 2	--

Note 1: Financial information listed has been certified by auditors.

Note 2: There was no surplus to be distributed for the year.

Note 3: Based on international financial reporting standards, there is no individual financial report for Q1 2019.

2. Consolidated condensed balance sheet - based on international financial reporting standards

Unit: NT$ 1,000

Item \ Year		Financial Information for the Most Recent 5 Years (Note 1)					Up until March 31, 2019 (Note 1)
		2014	2015	2016	2017	2018	
Current Asset		902,794	932,183	254,549	199,083	149,799	127,295
Property, plants, and equipment		68,133	53,603	14,154	10,003	7,000	6,344
Intangible assets		613	--	--	--	--	--
Other Assets		135,527	96,596	85,145	58,366	59,305	60,217
Total Assets		1,107,067	1,082,382	353,848	267,452	216,104	193,856
Current Liability	Before Distribution	379,346	480,903	171,571	116,894	99,180	77,694
	After Distribution	379,346	480,903	171,571	Note 2	Note 2	Note 2
Non-Current Liability		111,450	7,772	46,430	11,947	--	6,803
Total Liabilities	Before Distribution	490,796	488,675	218,001	128,841	99,180	77,694
	After Distribution	490,796	488,675	218,001	Note 2	Note 2	Note 2
Equity Attributable to Owners of Parent Company		616,271	592,133	148,547	153,718	132,545	131,868
Share Capital		645,600	729,364	729,364	1,113,364	1,113,364	1,113,364
Capital collected in		9,925	--	--	--	--	--

advance							
Capital surplus		79,212	48,603	43,306	43,306	1,113,364	1,113,364
Retained earnings	Before Distribution	(121,426)	(188,309)	(628,015)	(1,010,109)	(1,030,829)	(1,029,825)
	After Distribution	(121,426)	(188,309)	(628,015)	Note 2	Note 2	Note 2
Other Equities		2,960	2,475	3,892	7,157	6,704	5,023
Treasury stock		--	--	--	--	--	--
Non-Controlling Interest Total	Before Distribution	--	1,574	(12,700)	(15,107)	(15,621)	(15,706)
	After Distribution	--	1,574	(12,700)	Note 2	Note 2	Note 2
Total equity	Before Distribution	616,271	593,707	135,847	138,611	116,924	116,162
	After Distribution	616,271	593,707	135,847	Note 2	Note 2	Note 2

Note 1: Financial information listed has been certified by auditors.

Note 2: There was no surplus to be distributed for the year.

(II) 1. Individual condensed income statement - based on international financial reporting standards

Unit: NT$ 1,000

Year / Items	Financial Information for the Most Recent 5 Years (Note 1)					Up until March 31, 2019 (Note 2)
	2014	2015	2016	2017	2018	
Operating Income	1,208,649	1,184,932	517,387	333,662	268,781	--
Operating gross profit	112,146	64,984	434	38,887	34,280	--
Operating Profit and Loss	25,868	(88,542)	(326,649)	(10,109)	(10,316)	--
Non-Operating Income and Expenditure	(70,818)	(42,387)	(109,815)	(22,641)	(9,280)	--
Net profit before tax	(44,950)	(130,929)	(436,464)	(32,750)	(19,596)	--

Continuing Operation Unit Current Net Profit	(46,623)	(131,720)	(439,706)	(55,694)	(21,026)	--
Loss from Suspended Operations	--	--	--	--	--	--
Current Net Profit (Loss)	(46,623)	(131,720)	(439,706)	(55,694)	(21,026)	--
Current Other Comprehensive Income (Net Amount After Tax)	239	(562)	1,417	3,265	(147)	--
Current Total Comprehensive Profit and Loss	(46,384)	(132,282)	(438,289)	(52,429)	(21,173)	--
Net Profit Attributable to Owners of the Parent Company	(46,623)	(131,720)	(439,706)	(55,694)	(21,026)	--
Net Profit Attributable to Non-Controlling Interests	--	--	--	--	--	--
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	(46,384)	(132,282)	(438,289)	(52,429)	(21,173)	--
Total Comprehensive Income Attributable to Non-Controlling Interests	--	--	--	--	--	--
Earnings Per Share	(0.89)	(1.83)	(6.03)	(0.68)	(0.19)	--

Note 1: Financial information listed has been certified by auditors.
Note 2: Based on international financial reporting standards, there is no individual financial report for Q1 2019.

2. Consolidated condensed income statement - based on international financial reporting standards

Unit: NT$ 1,000

Year / Items	Financial Information for the Most Recent 5 Years (Note 1)					Up until March 31, 2019 (Note 1)
	2014	2015	2016	2017	2018	
Operating revenue	1,472,329	1,151,206	449,112	286,954	245,875	45,163
Operating Gross Profit	152,670	89,381	(20,584)	54,717	47,124	12,438
Operating Profit and Loss	(55,377)	(135,023)	(363,249)	(27,231)	(27,577)	(3,151)
Non-Operating Income and Expenditure	263	(3,456)	(27,354)	(8,761)	8,966	3,868
Net Profit Before Tax	(55,114)	(138,479)	(390,603)	(35,992)	(18,611)	717

Continuing Operation Unit Current Net Profit	(56,766)	(139,530)	(394,052)	(59,117)	(20,508)	980
Loss from Suspended Operations	--	--	(60,024)	(97)	(92)	(15)
Current Net Profit (Loss)	(56,766)	(139,530)	(454,076)	(59,214)	(20,600)	965
Current Other Comprehensive Income (Net Amount After Tax)	(93)	(708)	1,513	4,378	(1,087)	(1,727)
Current Total Comprehensive Profit and Loss	(56,859)	(140,238)	(452,563)	(54,836)	(21,687)	(762)
Net Profit Attributable to Owners of the Parent Company	(46,623)	(131,720)	(439,706)	(55,694)	(21,026)	1,004
Net Profit Attributable to Non-Controlling Interests	(10,143)	(7,810)	(14,370)	(3,520)	426	(39)
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	(46,384)	(132,282)	(438,289)	(52,429)	(21,173)	(677)
Total Comprehensive Income Attributable to Non-Controlling Interests	(10,475)	(7,956)	(14,274)	(2,407)	(514)	(85)
Earnings Per Share	(0.89)	(1.83)	(6.03)	(0.68)	(0.19)	0.01

Note 1: Financial information listed has been certified by auditors.

(III) Names and Opinions of the CPAs of the recent five years

Year	Name of accounting firm	CPA	Opinion
2014	SHINEWING TAIWAN	Wu Chia-hung, Chen Liang-ming	Unqualified Opinion
2015	SHINEWING TAIWAN	Wu Chia-hung, Wu Kun-i	Unqualified Opinion
2016	SHINEWING TAIWAN	Kuo Chen-yu, Chen Kuang-hui	Unqualified Opinion
2017	SHINEWING TAIWAN	Kuo Chen-yu, Chen Kuang-hui	Unqualified Opinion
2018	SHINEWING TAIWAN	Chen Kuang-hui, Yao Yu-lin	Unqualified Opinion

II. Financial Analysis for the Most Recent 5 Years

1. Individual financial analysis - based on international financial reporting standards

Analysis Items \ Year		Financial Analysis for the Most Recent 5 Years (Note 1)					Up until March 31, 2019 (Note 2)
		2014	2015	2016	2017	2018	
Financial Structure (%)	Ratio of Liabilities to Assets	40.21	43.27	64.09	54.32	56.24	--
	Ratio of Long-Term Capital to Real Estate, Plant, and Equipment	5,203.13	6,039.74	3,894.02	4,439.6	3,198.48	--
Debt-Paying Capacity (%)	Current Ratio	273.10	206.40	217.6	275.8	296.48	--
	Quick Ratio	221.56	172.38	197.91	265.6	289.03	--
	Interest Coverage Ratio	(2.32)	(15.31)	(76.05)	(9.89)	(15.59)	--
Operating Capacity	Receivables Turnover Rate (Times)	2.95	2.46	1.48	1.49	1.28	--
	Average Collection Days	124	148	247	245	285	--
	Inventory Turnover Rate (Times)	6.14	6.21	3.17	2.39	2.3	--
	Payables Turnover Rate (Times)	20.92	14.84	7	7.94	8.07	--
	Average Days for Sales	59	59	115	153	159	--
	Real Estate Plant, and Equipment Turnover Rate (Times)	86.70	119.38	76.03	62.39	64.86	--
	Total Asset Turnover Rate (Times)	1.25	1.14	0.71	0.89	0.84	--
Profitability	Rate of Return on Assets (%)	(3.65)	(12.06)	(59.69)	(14.18)	(6.28)	--
	Rate of Return on Equity (%)	(9.03)	(21.80)	(118.73)	(36.85)	(14.69)	--
	Ratio of Income before tax to Paid-In Capital (%)	(6.86)	(17.95)	(59.84)	(2.94)	(1.76)	--
	Profit Margin (%)	(3.86)	(11.12)	(84.99)	(16.69)	(7.82)	--
	Earnings Per Share (NT$)	(0.89)	(1.83)	(6.03)	(0.68)	(0.19)	--

Cash Flow	Cash Flow Ratio (%)	(33.39)	(32.33)	151.6	2.75	14.16	--
	Cash Flow Adequacy Ratio (%)	(318.17)	(354.25)	(133.45)	(248.22)	(12.6)	--
	Cash Flow Reinvestment Ratio (%)	(13.39)	(22.19)	87.48	1.06	4.8	--
Degree of Leverage	Degree of Operating Leverage	1.22	0.95	0.99	0.84	0.86	--
	Degree of Financial Leverage	2.10	0.92	0.98	0.77	0.9	--

Describe the reasons for the changes in financial ratios of the recent two years (increase or decrease of less than 20% is exempted)

Ratio of Long-Term Capital to Real Estate, Plant, and Equipment: Due to losses of the year and the decrease of long-term debt, the ratio has decreased.

Interest Coverage Ratio: Due to the decrease of net losses before tax, interest coverage ratio increased.

Profitability: The Company has dedicated to eliminating low-margin products and reducing expenses in recent years. In addition, the appreciation of USD led to exchange gains. Moreover, long overdue receivables have been collected and increased non-operating income. As a result of all the above, profitability has improved in recent years.

Cash Flow: Due to a decrease in purchases, account payable has decreased and pre-payment to suppliers also decreased. Therefore, cash outflow has decreased.

Note 1: Financial information listed has been certified by auditors.
Note 2: Based on international financial reporting standards, there is no individual financial report for Q1 2019.

2. Consolidated financial analysis - based on international financial reporting standards

Year (Note 1) / Analysis Items (Note 2)		Financial Analysis for the Most Recent 5 Years (Note 1)					Up until March 31, 2019 (Note 1)
		2014	2015	2016	2017	2018	
Financial Structure (%)	Ratio of Liabilities to Assets	44.33	45.15	61.61	48.17	45.89	40.08
	Ratio of Long-Term Capital to Real Estate, Plant, and Equipment	1,068.09	1,122.1	1,287.81	1,505.13	1,670.34	1,831.05
Debt-Paying Capacity (%)	Current Ratio	237.99	193.84	148.36	170.31	151.04	163.84
	Quick Ratio	186.40	136.52	118.04	130.09	124.51	133.89
	Interest Coverage Ratio	(2.82)	(16.17)	(78.53)	(11)	(12.12)	10.99

Operating Capacity	Receivables Turnover Rate (Times)	3.12	2.85	1.55	1.43	1.39	1.22
	Average Collection Days	117	128	235	255	263	299
	Inventory Turnover Rate (Times)	5.44	3.91	1.86	1.23	1.28	1.01
	Payables Turnover Rate (Times)	12.07	9.93	5.41	4.61	4.89	4.4
	Average Days for Sales	67	93	196	296	285	361
	Real Estate Plant, and Equipment Turnover Rate (Times)	14.83	18.91	13.26	23.76	28.92	27.08
	Total Asset Turnover Rate (Times)	1.32	1.05	0.63	0.92	1.02	0.22
Profitability	Rate of Return on Assets (%)	(4.01)	(12.13)	(62.58)	(18.26)	(8.05)	0.5
	Rate of Return on Equity (%)	(10.78)	(23.06)	(124.48)	(43.15)	(16.12)	0.83
	Ratio of Income before tax to Paid-In Capital (%)	(8.41)	(18.99)	(61.78)	(3.24)	(1.68)	0.06
	Profit Margin (%)	(3.86)	(12.12)	(101.1)	(20.64)	(8.38)	2.14
	Earnings Per Share (NT$)	(0.89)	(1.83)	(6.03)	(0.68)	(0.19)	0.01
Cash Flow	Cash Flow Ratio (%)	(37.65)	(24.38)	119.29	(6.36)	11.83	(1.02)
	Cash Flow Adequacy Ratio (%)	(156.19)	(141.86)	(94.84)	(122.1)	(40.15)	81.72
	Cash Flow Reinvestment Ratio (%)	(17.77)	(16.86)	100.77	(3.73)	7.08	(0.47)
Degree of Leverage	Degree of Operating Leverage	0.55	0.89	0.98	0.85	0.88	1.71
	Degree of Financial Leverage	0.79	0.94	0.99	0.9	0.95	1.07

Describe the reasons for the changes in financial ratios of the recent two years (increase or decrease of less than 20% is exempted)

Real Estate Plant, and Equipment Turnover Rate: Due to consolidations of companies in the group, low-capacity and inadequate tangible assets have been disposed of, leading to an increase of turnover rate.

Profitability: The Company has dedicated to eliminating low-margin products and reducing expenses in recent years. In addition, the appreciation of USD led to exchange gains. Moreover, long overdue receivables have been collected and increased non-operating income. As a result of all the above, profitability has improved in recent years.

Cash Flow: Due to a decrease in purchases, account payable has decreased and pre-payment to suppliers also decreased. Therefore, cash outflow has decreased.

Note 1: Financial information listed has been certified by auditors.

Note 2: At the end of this table of the annual report, the following calculation formula should be listed:

1. Financial Structure
   (1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.
   (2) Long-Term Capital to Property, Plant, And Equipment Ratio = (Total Equity + Non-Circulating Liability) / Net Amount of Property, Plant and Equipment.
2. Solvency
   (1) Current Ratio = Circulating Asset / Circulating Liability.
   (2) Quick Ratio = (Circulating Asset – Inventory – Prepaid Expense) / Circulating Asset.
   (3) Interest Coverage Ratio = Net Profit Before Income Tax and Interest Expense / Current Interest Expenditure
3. Operating Performance
   (1) Accounts Receivable (including receivable and bills receivable arising from business operations) Turnover Rate = Net Sales / Balance of Average Receivable in Various Periods (including accounts receivable and bills receivable arising from business operations).
   (2) Average Collection Days = 365 / Receivables Turnover Rate.
   (3) Inventory Turnover Rate = Cost of Sales / Average Inventory Value.
   (4) Accounts Payable (including payable and bills payable arising from business operations) Turnover Rate = Cost of Sales / Balance of Average Payable in Various Periods (including accounts payable and bills payable arising from business operations).
   (5) Average Days of Sales = 365 / Inventory Turnover Rate.
   (6) Property, Plant and Equipment Turnover Rate = Net Sales / Average Net Amount of Property, Plant and Equipment.
   (7) Total Asset Turnover Rate = Net Sales / Average Total Assets.
4. Profitability Capacity
   (1) Return on Asset = [Post-Tax Profit or Loss + Interest Expense (1–Tax Rate)] / Average Total Assets.
   (2) Return on Equity = Post-Tax Profit or Loss / Average Total Equity.
   (3) Profit Margin = Post-Tax Profit or Loss / Net Sales.
   (4) Earnings Per Share = (Gain or Loss Attributable to Owners of the Parent Company – Preference Dividend) / Weighted Average Number of Issued Shares.
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Circulating Liability.
   (2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the Past 5 Years / (Capital Expenditure + Inventory Increase + Cash Dividends) for the Past 5 Years.
   (3) Cash Flow Reinvestment Ratio = (Net Cash Flow from Operating Activities – Cash Dividend) / (Gross Property, Plant and Equipment + Permanent Investment + Other Non-Current Assets + Operating Capital).
6. Degree of Leverage
   (1) Degree of Operating Leverage = (Net Operating Income - Variable Operating Costs and Expenses) / Operating Profit
   (2) Degree of Financial Leverage = Operating Profit / (Operating Profit - Interest Expense).

III. Supervisors’ Review Report for Financial Reports of the Most Recent Year:

Supervisors’ Review Report

The Board of Directors hereby submits the business report, financial statements, and surplus distribution and deficit compensation proposal of 2018. Shinewing Taiwan CPAs, Kuo Chen-yu and Chen Kuang-hui, are commissioned by the Board of Directors to audit the financial statements and issue the audit report.

The above-mentioned business report, financial statements, and surplus distribution and deficit compensation proposal have been reviewed by the supervisors and no discrepancy was found. Therefore, a supervisors’ review report is issued in accordance with Article 219 of the Company Act.

To

2019 Bull Will Co., Ltd. Annual Shareholders’ Meeting

Supervisor: Huang Ko-kun

Chien Chih-lang

March 28, 2019

IV. The most recent annual financial reports including the audit report, the balance sheet with two years comparison,

the income statement, the statement of changes in shareholders' equity, the cash flow statement, and the notes or tables: Please refer to Appendix I.

V. Individual financial report of the most recent year certified by auditors excluding important accounting details:

Please refer to Appendix II.

VI. Up until the publication date of the annual report, if any difficulties have been met by the Company or its subsidiaries in terms of securing working capitals,

the impact of such incidents on the financial status of the Company should be explained: None.

XII. Review Analysis and Risk Assessment of Financial Status and Financial Performance

I. Financial Status

(I) Major changes in assets, liabilities, and equity in the recent two years and the reasons and impact:

Unit: NT$1,000

Year / Item	2017	2018	Amount of increase (decrease)	%
Current asset	199,083	149,799	(49,284)	(24.76)
Investment accounted for using the equity method	--	4,279	4,279	--
Property assets, plants, and equipment	10,003	7,000	(3,003)	(30.02)
Other Assets	58,366	57,026	(1,340)	(2.30)
Total Assets	267,452	216,104	(51,348)	(19.20)
Current Liability	116,894	99,180	(17,714)	(15.15)
Non-Current Liability	11,947	--	(11,947)	(100)
Total Liabilities	128,841	99,180	(29,661)	(23.02)
Share Capital	1,113,364	1,113,364	--	--
Capital surplus	43,306	43,306	--	--
Retained Earnings	(1,010,109)	(1,030,829)	(20,720)	(2.05)
Other Equities	7,157	6,704	(453)	(6.33)
Of owners of the parent company Equity	153,718	132,545	(21,173)	(13.77)
Non-control equity	(15,107)	(15,621)	(514)	(3.40)
Total equity	138,611	116,924	(21,687)	(15.65)

I. Changes of 10% or above, and the amount reaching 1% of the total assets of the year, must be explained.

1. Current asset: Due to the decrease in sales and purchases, account receivable decreased by NT$14,595,000, inventory decreased by NT$12,619,000, and prepayment for purchases decreased by NT$6,081,000.
2. Investment accounted for using the equity method: investment in 48.95% of the

total shares of BULL WILL TRADING PTE LTD. 3. Current liabilities: due to repayment of bank loans, bank financing and loans have decreased by NT$8,280,000 compared to that of last period. Due to decrease in the sales volume, purchases also decreased. Accounts payable decreased by NT$9,012,000 as a result. 4. Non-current liabilities: mainly due to the decrease of long-term borrowings by NT$11,947,000 compared to the last period. 5. Equity attributable to owners of the parent company: Mainly due to the losses of the year, equity has decreased. II. Future plans: 1. Expand market and develop new products for the growth of clientele and revenue. 2. Control costs effectively, take advantage of vertical diversion of work, and increase profit.

Note: The above numbers are based on the consolidated financial statements.

II. Financial performance analysis

(I) Major changes in the operating revenue, operating income, and income before tax in the recent two years:

Unit: NT$1,000

Year / Item	2017	2018	Difference	
			Amount	%
Net operating income	286,954	245,875	(41,079)	(14.32)
Operating Cost	(232,237)	(198,751)	(33,486)	(14.42)
Operating Margin	54,717	47,124	(7,593)	(13.88)
Operating expense	(81,948)	(74,701)	(7,247)	(8.84)
Operating Loss	(27,231)	(27,577)	346	1.27
Non-operating income and expense	(8,761)	8,966	17,727	202.34
Income (loss) before tax	(35,992)	(18,611)	(17,381)	(48.29)
Income tax (benefit)	(23,125)	(1,897)	(21,228)	(91.80)
Loss from Discontinued Operations	(97)	(92)	(5)	(5.15)
Current profit (loss)	(59,214)	(20,600)	(38,614)	(65.21)
Note: (increase or decrease of 20% or more is explained) 1. Non-operating income and expenses: The appreciation of USD led to exchange gains. Long overdue receivables have been collected and increased non-operating income. 2. Income (loss) before tax/ Current profit (loss): Mainly due to the loss of customer orders, inevitable manual labor cost, and fixed operating expenses. Despite the increase in non-operating income, overall it is still a loss.				

Note: The above numbers are based on the consolidated financial statements.

(II) Outlook of the coming year in terms of sales volume, its basis, and corresponding strategies: Please refer to Page 4 of this annual report.

III. Cash Flow

(一) Analysis of the changes in cash flows for the most recent year (2018)

Unit: NT$1,000; %

Items \ Year	2017	2018	% increase or decrease
Cash inflow (outflow) from operating activities	(4,354)	11,732	369%
Cash inflow (outflow) from investment activities	3,615	255	(93)%
Cash inflow (outflow) from fundraising activities	4,042	(21,046)	(621)%

(II) Analysis of increase or decrease of 20% or more:

1. Cash flow from operating activities: In the previous period a cash outflow was caused by paying back the guarantee fee to Serial Systems SSL. In the current period a cash inflow was mainly caused by the collection of account receivables and the decrease of inventory.
2. Cash flow from investment activities: In the previous period a cash inflow was caused by the disposal of Dongguan Peibo, the liquidation of Chien-pang Hung-pang and return of subscription fund, and refunded deposits. In the current period a cash inflow was caused by the disposal of investment property.
3. Cash flow from fundraising activities: In the previous period a cash inflow was caused by a cash capital increase. In the current period a cash outflow was caused by paying back loans.

Improvement plans for increasing liquidity: Not applicable.

(III) Cash flow analysis for the coming year (2019)

Unit: NT$1,000

Beginning balance (1)	Net Cash flow from operating activities of the whole year (2)	Net Cash flow from investment activities of the whole year (3)	Net Cash flow from financing activities of the whole year (4)	Effect of exchange rate changes on cash and cash equivalents (5)	Amount of cash surplus (deficit) (1)+(2)+(3)+(4)+(5)	Estimated cash surplus or deficit Remedy	
						Investment plan	Financing plan
39,011	(5,268)	--	(12,238)	--	21,505	--	--

1. Analysis of changes in cash flows for the coming year:
   (1) Operating activities: Due to a slight increase of sales, funding needed for operating activities also increased slightly, causing a net cash outflow of NT$5,268,000.
   (2) Investment activities: The Company will sell investment properties based on operating needs, causing a cash inflow.
   (3) Fundraising activities: Mainly due to paying back long-term debt due in a year of NT$11,947,000, causing a cash outflow.
2. Remedy for cash deficit and liquidity analysis: cash is sufficient in supporting the Company’s operation in the coming year. No deficit is expected.

IV. Major capital expenditure and its impact on the finances of the Company in the most recent year: None.

V. Re-investment policies, main reasons of profit or loss, improvement plans in the most recent year, and future investment plans in the coming year:

Analysis of re-investments

December 31, 2018 / Unit: NT$1,000

Description / Item	Investment amount	Main business Policy	Profit or loss Main reasons	Improvement plan	The coming year Investment plan
Hong Kong Bull Will Holdings	HKD 86,165	Holding company	Mainly due to recognizing the losses from investment in Hong Kong Serial Investment	-	**None**
Hong Kong Serial Investment Co., Ltd.	HKD 86,165	Holding company	Mainly from recognizing the losses from investment in Huizhou Bai Qin and Baixin Hetai in the first half of the year (already disposed of in the second half of the year)	-	**None**
BULL WILL Electronics Co., Ltd. (BVI)	HKD 16,950	Responsible for overseas sales.	Due to losing orders from Japan Furukawa Denshi and Hong Kong Janohig Electronics, operating revenue decreased and caused a loss.	Actively develop new clienteles and get new orders.	**None**
Huizhou Chunchao Electronics Corporation	HKD 12,050	Responsible for overseas processing	Mainly due to problems in hiring factory workers after moving the factory. New workers are inefficient, causing a decrease in gross margin.	The factory is gradually introducing automations to control manual labor cost, particularly in the era of rising labor cost.	**None**
Huizhou Bai Qin Electronics Co., Ltd.	HKD 20,400	Responsible for overseas processing	Discontinued operation	In the process of liquidation	**None**
Huizhou Bullwill Electronic Co., Ltd.	HKD 5,000	Responsible for sales and processing in Mainland China	Lost orders, causing a decrease of profit.	Actively develop new clienteles and get new orders.	**None**
Dongguan Zhao Kang Electronic Co., Ltd.	HKD 9,000	Responsible for sales in Mainland China	Lost orders, causing a deficit.	Actively develop new clienteles and get new orders.	**None**
BULL WILL	SGD 70	Precious metal	Trading of previous metal	Previous metal that is	**None**

Item \ Description	Investment amount	Main business Policy	Profit or loss Main reasons	Improvement plan	The coming year Investment plan
TRADING(S) PTE LTD		trading	that is resistant to price fluctuations, and therefore profitable.	resistant to price fluctuations. Buying at a low point and selling at a high point will generate profit.	
Visco International Co., Ltd.	USD 355	Holding company	Mainly due to recognizing the losses from investment in SIGCUS USA INC.	--	**None**
SIGCUS USA INC.	USD 11	TV sets trading	Decreases in operating revenue caused a deficit.	Sales performance in the US has not been positive. The assessment is to close down the company, to avoid further spending.	**None**

XI. Risk assessment for the most recent year up until the publication date of the annual report

(I) Impact of Changes in Interest Rates, Foreign Exchange Rates, and Inflation on Profit and Loss, and Future Response Strategies

1、(1) Interest rate changes: The Company has mainly short-term and long-term loans, some of which are based on a floating interest rate. Changes in the interest rate will lead to changes in the floating interest rate applicable to the loans so the Company use diverse fundraising tools to lower the interest rates. Exchange rate changes:

(1)

Unit: NT$1,000

Year	2017	2018
Exchange gain or loss	(10,593)	2,678
Operating revenue	286,954	245,875
Operating losses	(27,231)	(27,577)
Percentage in consolidated operating revenue (%)	(3.69)	1.09
Percentage in consolidated operating profit and loss (%)	(38.90)	(9.71)

In terms of foreign currency, the Company mostly receives cash payment in USD and makes payment mostly in USD and JPY. For USD there is natural hedging and pre-sale hedging. To avoid exchange rate risks from operations, the Company engages in the trading of derivatives, including forward exchange contracts.

(2) The finance department supervisors are responsible for monitoring the risks in exchange rate changes. Considering opinions of FX experts at banks, they pay close attention market trends, to ensure risk management measures are effective, to lower the

impact of exchange rate changes on the Company’s profits.

(I) Impact of Inflation on Profit and Loss, and Future Response Strategies: None

(II) Policies, Main Causes of Profit and Loss, and Future Response Strategies with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Trading:

1、The Company does not engage in high-risk, high-leverage investments, nor does it make endorsement/guarantee for others. Derivatives trading is mainly of forward exchange contracts and options for the purpose of adapting to foreign exchange rate changes.

2、Provision of financing: None

(III) Future R&D plans and estimated R&D spending: No plans yet.

(IV) Impact of Important Changes in Domestic and International Policies and Regulations on Corporate Finance and Sales, and Response Strategies:

The Company consults legal counsels and accountants for their professional opinion and advices, and makes plans according to the latest changes of policies, regulations and laws, to minimize the impact on the Company’s finances and sales.

(V) The impact of technological and industry changes on the Company’s finances and business, and corresponding strategies:

The Company mainly distributes electronic components and parts, with application in 3C electronics, diversifying risks within a single industry. The Company also strives to gain distribution rights of star products of the new generation. Therefore, technological changes do not have a great impact on our existing product lines, and bring new opportunities for expanding our product lines.

(XI) The impact of corporate image changes on corporate crisis management and corresponding strategies:

The Company seeks development in the spirit of honesty, trust, professionalism, and service. After becoming listed on TPEx, the Company's financial and business information has become more transparent, elevating the Company’s image, attracting more professional talents to join. In addition, with the implementation of internal control and professional management, the Company has boosted its management capabilities and crises management abilities, becoming a stronger and more robust enterprise.

(VII) The expected benefits of mergers and acquisitions, potential risks, and corresponding strategies:

The Company has not had any plans for mergers and acquisitions so far. If in the future such actions are in plan, careful assessments will be made to see if such actions will have positive impact on the overall performance of the Company, while ensuring shareholders’ equity is protected.

(VIII) The expected benefits of expanding production facilities, potential risks, and corresponding strategies:

The Company has not had any plans for expanding production facilities so far and therefore there is no related risks.

(IX) The risks in centralized purchases and sales, and corresponding strategies:

The Company seeks to become the distributor for many companies to reduce the risks in centralized purchases.

The Company seeks to build large clienteles to reduce the risks in centralized sales.

(X) The risks in substantial transfer or replacement of the shares of directors, supervisors, or major shareholders holding more than 10% of the Company’s shares, and corresponding strategies:

There has not been substantial transfer or replacement of the shares of directors, supervisors, or major shareholders.

(XI) The impact and risks of changes in the management of the Company, and corresponding strategies:

There was no change in the management of the Company.

(XII) For any litigations or non-litigations, the names of the company, directors, supervisors, general manager, actual person-in-charge, major shareholders holding more than 10% of the Company's shares, and affiliated companies should be listed for any major litigation, non-litigation, and administrative litigation cases that have received a verdict or are still in trial. For those cases the results of which might have significant impact on shareholders' equity and stock prices, the content of dispute, monetary amount, litigation starting date, main parties involved, and the handling of the case up until the publication date of the annual report should be disclosed:

1. A claim for insurance payment filed with Tokio Marine Newa Insurance Co., Ltd.

(a) Involved parties

Applicant for an arbitration: BULL WILL Co., Ltd.

Opposite Party: Tokio Marine Newa Insurance Co., Ltd.

(b) Facts

Applicant for an arbitration, BULL WILL Co., Ltd., purchased from the Opposite Party, Tokio Marine Newa Insurance Co., Ltd., insurance, a policy of "global trade credit insurance" (policy number: TMNEWA Policy no. 17000-04TI200007, referred to as "the insurance policy in dispute") for Bull Will customers of an amount of US$600,000,000, effective from January 1, 2015. The coverage of the policy includes the purchaser's waiting time from delay of payment for all or parts of the non-disputable bills. During the insured period of the insurance policy in dispute, a buyer of the Applicant, Yang Hwa Technology Corporation ("Yang Hwa" hereafter), purchased electronic products from the Applicant in 2015. The Applicant shipped the products according to the contract, and Yan Hwa confirmed receipt of the goods. The Applicant therefore is entitled to payment for goods. Yan Hwa delayed payment until after the receivable date. Even after the Applicant sold some of its credit rights, there is still an outstanding NT$183,402,975 unpaid. Bull Will therefore filed a suit against Yan Hwa in the civil court. The credit rights have been certified by the court and a certificate of obligatory claim has been issued. In addition, another buyer of the Applicant, Bao Hong International Co. Ltd. ("Bao Hong" hereafter), purchased electronic products from the Applicant in 2015. The Applicant shipped the products according to the contract, and Yan Hwa confirmed receipt of the goods. The Applicant therefore is entitled to payment for goods. Bao Hong delayed payment of NT$27,569,728 for the reason of decrease of prices of goods. Later with subsequent repayment, up until June 4, 2018, here is still an outstanding NT$26,019,727 unpaid. Bull Will therefore filed a suit against Bao Hong in the civil court. The credit rights have been certified by the court and a certificate of obligatory claim has been issued. These account receivables are within the coverage of the insurance for which the Opposite Party should compensate the Applicant. Furthermore, another buyer of the Applicant, OTE Power Corp ("OTE Power" hereafter), purchased electronic products from the Applicant in 2015. After the Applicant shipped the products and become entitled to payment for goods, OTE Power claimed that the goods are defected and demanded to return the goods, while delaying the payment of NT$15,230,051. After subsequent repayment, there is still an outstanding NT$13,650,051 unpaid. Bull Will therefore filed a suit against OTE Power in the civil court. This lawsuit is ongoing. These account receivables are within the coverage of the insurance for which the opposite party should compensate the Applicant.

(c) Current progress on the cases:

The Opposite Party asserts that the certainty of the deal between the Applicant and Yan Hwa is not yet clarified therefore the claim amount cannot be determined. Through continuous negotiations with the Opposite Party to resolve the dispute with a settlement, based on the handling of insurance policy dispute, the Applicant has filed for an arbitration by the Chinese Association of Arbitration, Taipei. A request for arbitration for the account receivables from Bao Hong and OTE Power is also filed and will be in progress after both parties have selected their arbitrators.

2. The civil claim case by the Securities and Futures Investors Protection Center

(a) Involved parties

Plaintiff: Securities and Futures Investors Protection Center

Defendant: Bull Will (publisher), Singapore Serial Systems Co. Ltd (Judicial person Director), WU MU HSING (Chairperson), WU SHU CHEN (Director), Tsai Te-liang (former Supervisor), He I-chin (former Chairperson), Huang Shu-hsuan (Director), Lin Tsai-Po (Independent Director), Chan Huo-lien (Independent Director), Chien Chih-lang (Supervisor), Huang Ko-kun (Supervisor), Lo Wei-chang (Director/CFO), auditors, and underwriters.

(b) Facts

Securities and Futures Investors Protection Center ("Investors Protection Center" hereafter), for the charges of former executives of Bull Will conducting fictitious transaction with Yan Hwa, Green Energy, Micro Alpha Technology, Bao Hong, and OTE Power, and beautifying financial statements, on behalf of investors and according to Securities and Exchange Act Article 32, 20, 20-1, Civil Law Article 28, Company Act Article 23-2, Civil Law Article 184, filed a civil claim of NT$113,709,850 against Bull Will (publisher), Singapore Serial Systems Co. Ltd (Judicial person Director), WU MU HSING (Chairperson), WU SHU CHEN (Director), Tsai Te-liang (former Supervisor), He I-chin (former Chairperson), Huang Shu-hsuan (Director), Lin Tsai-Po (Independent Director), Chan Huo-lien (Independent Director), Chien Chih-lang (Supervisor), Huang Ko-kun (Supervisor), Lo Wei-chang (Director/CFO), auditors, and underwriters

(c) Current progress on the cases:

This lawsuit was filed on January 26, 2017 and it currently at the Taiwan Shihlin District Court (Case number: 2017-Finance-No. 2). In the court session on January 24, 2019, the defendant made the request for terminate the suit by agreement. The court has announced the suit is terminated by agreement of the plaintiff, Investors Protection Center, and all defendants on April 24, 2019. If no further suit was filed within four months from the termination date, it will be deemed that the plaintiff has withdrawn the suit.

The Company believes all the Directors and Supervisors of Bull Will have served their duties to the best of their abilities. The Bull Will team has good chances of winning this case. According to Article 39 of the Corporate Governance Best Practice Principles, liability insurance should be purchased for Directors for any damages caused within the scope of their duties, to reduce and diversify the risks in misconduct or errors by the Directors and damages to shareholders' equity. The Company purchased an insurance policy of US$5,000,000 (approximately NT$154,000,000) from Cathay Century Insurance Co., Ltd., an amount enough to cover the claims made by Investors Protection Center (NT$113,709,850). Up until now, the insurance company has pre-paid, according to the insurance policy, NT$2,705,739 of lawyer fee. It is estimated that the case will have no significant impact on the Company.

(XIII) Other major risks and corresponding measures

The organization and functioning of the Company's risk management is in accordance with the Regulations Governing Establishment of Internal Control Systems. Risk management is carefully enforced, including strict measures of risk detection, assessment, reporting, and handling. To achieve risk control and management, there are three levels of mechanism:

First level: the organizer and the officer must be responsible for the consideration, system design, and prevention behind detecting, assessing, and controlling the risks.

Second level: The Legal department of the General Management Office and the department of finance and accounting are responsible for assessing legal and financial risks, respectively. After the first and the second level, based on the significant of the cases and the authority hierarchy of the Company, the cases should be submitted to General Manager, CEO, and Chairperson for approval and implementation.

Third level: Board of Directors, based on the authority hierarchy of the Company, sends the cases involving major company decision making and planning to the relevant departments for analysis and asessment of information, after which the Directors and Supervisors of the Board review the cases and make the final decisions.

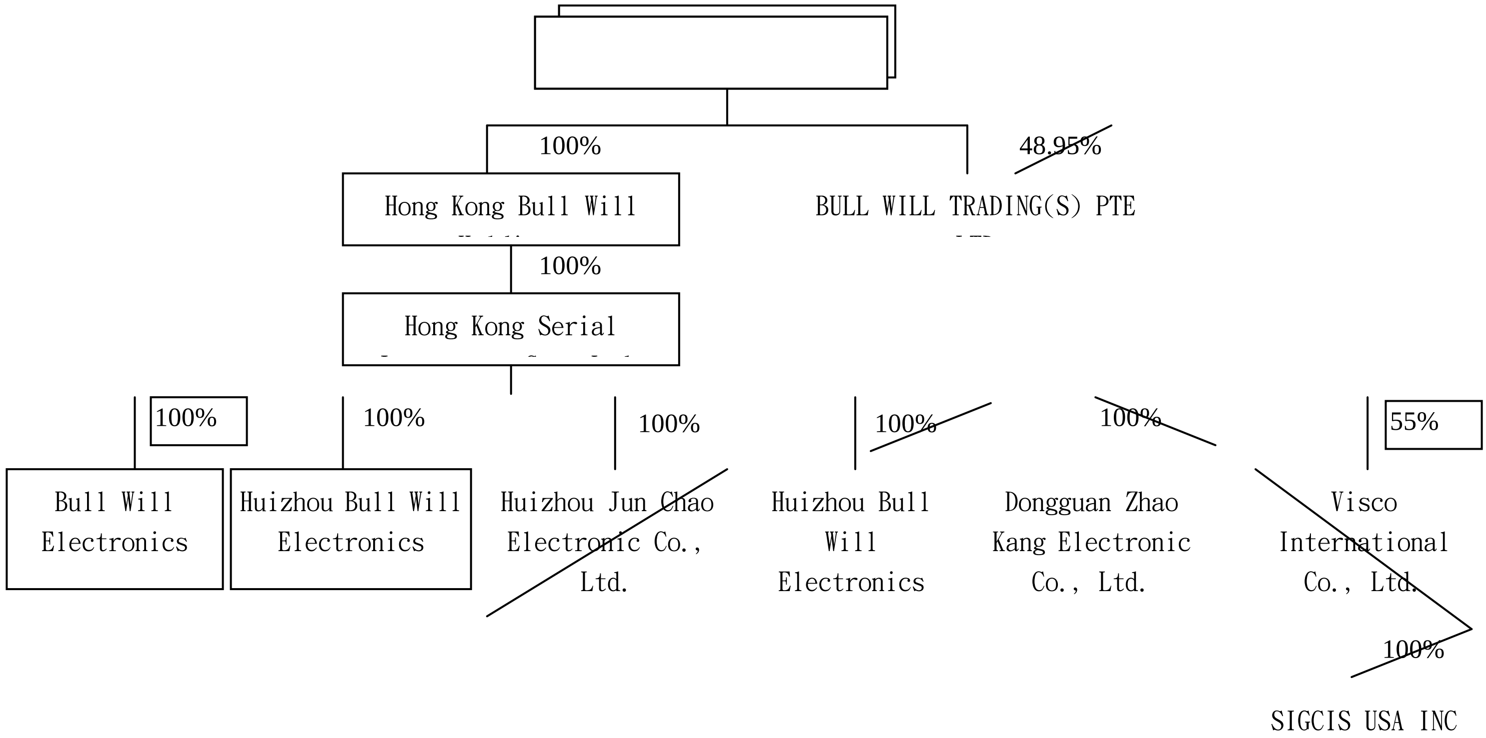
(4) Other important matters to report: None.

Chapter 8. Special Notes

I. Consolidated business report of affiliated enterprises, consolidated financial statements of affiliated enterprises, and the relationship report

(I) Consolidated business report of affiliated enterprises

1. Organization chart of affiliated enterprises



2. Basic information about affiliated enterprises

Unit: USD and HKD/ March 31, 2019

Name	Founding time	Address	Paid-in capital ($1,000)	Primary business
Hong Kong Bull Will Holdings	March 1995	1004AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	HKD 86,165 USD 355	General investment
Hong Kong Serial Investment Co., Ltd.	March 1995	1004AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	HKD 86,165 USD 355	General investment
BULL WILL Electronics Co., Ltd. (BVI)	January 2007	OM Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin lslands	HKD 16,950	General investment
Huizhou Chunchao Electronics Corporation	July 1995	Banqiao Industrial Zone, Taimei Town, Bolou Country, Huizhou City, Guangdong Province	HKD 13,000	Manufacturer of the Company's products

Dongguan Zhao Kang Electronic Co., Ltd.	January 2010	Fuji Industrial City, Qinghu Industrial Park, Qingxi Town, Dongguan City	HKD 9,000	Distributor the Company's products
Huizhou Bullwill Electronic Co., Ltd.	November 2010	Qike Industrial Park, Banqiao Industrial Zone, Taimei Town, Bolou Country	HKD 5,000	Manufacturer of the Company's products
Huizhou Bai Qin Electronics Co., Ltd.	October 2011	Rongda Industrial Zone, Panli Village, Lilin Town, Zhongkai High-tech Zone, Huizhou City	HKD 20,400	Manufacturer of the Company's products
Visco International Co., Ltd.	April 2015	Office 7, New Horizon Building, Ground Floor, 3 1/2 Miles Philip S.W. Goldson Highway, Belize City, Belize	USD 645	General investment
SIGCUS USA INC.	October 2013	1940 Derringer Lane, Diamond Bar, Ca 91765	USD 284	TV sets trading
BULL WILL TRADING(S) PTE LTD	May 2018	11 CHANGI NORTH WAY SERIAL I-TECH BUILDING SINGAPORE	SGD 143	Precious metal trading

Note: For management purposes Hong Kong Serial Investment was changed to Hong Kong Bull Will Holdings in February 2011.

3. Inferred to be of controlling or subordinate relationships: None.

4. Business scope of the affiliated enterprises as a whole:

(1) Hong Kong Bull Will Holdings: Holding company for overseas re-investments. No business other than investment.

(2) Hong Kong Serial Investment Co., Ltd.: Holding company for overseas re-investments. No business other than investment.

(3) BULL WILL Electronics Co., Ltd. (BVI): Responsible for overseas sales.

(4) Huizhou Jun Chao Electronic Co., Ltd.: Responsible for the processing and manufacturing of products in accordance with sales.

(5) Dongguan Zhao Kang Electronic Co., Ltd.: Responsible for sales in Mainland China.

(6) Huizhou Jun Chao Electronic Co., Ltd.: Responsible for the processing and manufacturing of products in accordance with sales.

(7) Huizhou Bai Qin Electronic Co., Ltd.: Responsible for the processing and manufacturing of products in accordance with sales.

(8) Visco International Co., Ltd.: Holding company for overseas re-investments. No business other than investment.

(9) SIGCUS USA INC.: Responsible for the overseas sales of TV sets.

(10) BULL WILL TRADING(S) PTE LTD: Responsible for the trading of previous metal.

5. Information of Directors, Supervisors, and General Managers of affiliated enterprises:

Unit: 1,000 shares; %; March 31, 2019

Company name	Title	Name or representative	Shares held	
			Number of shares (1,000 shares)	% shareholding
Hong Kong Bull Will Holdings	Director	HO I CHIN	10,374	100%
Hong Kong Serial Investment Co., Ltd.	Director	HO I CHIN	10,374	100%
BULL WILL Electronics Co., Ltd. (BVI)	Director	HO I CHIN	1,695 (Note 1)	100%
Huizhou Chunchao Electronics Corporation	Director	Wu Yuan-liang	--	100%
Dongguan Zhao Kang Electronic Co., Ltd.	Director	Huang Hung-kang	--	100%
Huizhou Bullwill Electronic Co., Ltd.	Director	Huang Hung-kang	--	100%
Huizhou Bai Qin Electronics Co., Ltd.	Director	Huang Hung-kang	--	100%
Visco International Co., Ltd.	Director	HO I CHIN	355	55%
SIGCUS USA INC.	Director	HO I CHIN	550	55%
BULL WILL TRADING(S) PTE LTD	Director	Goh Bak Heng	70	48.95%

Note: Shares held by the company; Note 1: Par value of HKD 10,000.

6. Operation review of affiliated enterprises:

December 31, 2018; Unit: NT$1,000

Reinvested Businesses	Main Business	Investment Cost	Carrying Value	Investment shares		Stock option Net value	Market price	Accounting method	Return on investment of the most recent year		Shares of the Company held
				Shares	Stock option Percentage %				Investment Profit or Loss	Distribution Dividend	
Hong Kong Bull Will Holdings	General investment	HKD 86,165 USD 355	(92,389)	10,374	100%	(92,389)	—	Equity method	(20,254)	—	—
Hong Kong Serial Investment Co., Ltd.	General investment	HKD 86,165 USD 355	(91,430)	10,374	100%	(91,430)	—	Equity method	(20,253)	—	—
BULL WILL Electronics Co., Ltd. (BVI)	General investment	HKD 16,950	(32,814)	1.695	100%	(32,814)	—	Equity method	(6,471)	—	—

Reinvested Businesses	Main Business	Investment Cost	Carrying Value	Investment shares		Stock option Net value	Market price	Accounting method	Return on investment of the most recent year		Shares of the Company held
				Shares	Stock option Percentage %				Investment Profit or Loss	Distribution Dividend	
Huizhou Chunchao Electronics Corporation	Manufacturer of the Company's products	HKD 12,050	(102,103)	—	100%	(102,103)	—	Equity method	(15,828)	—	—
Huizhou Bai Qin Electronics Co., Ltd.	Manufacturer of the Company's products	HKD 20,400	110	—	100%	110	—	Equity method	(92)	—	—
Huizhou Bullwill Electronic Co., Ltd.	Manufacturer of the Company's products	HKD 5,000	5,569	—	100%	5,569	—	Equity method	2,984	—	—
Dongguan Zhao Kang Electronic Co., Ltd.	Distributor the Company's products	HKD 9,000	38,264	—	100%	38,264	—	Equity method	(1,293)	—	—
BULL WILL TRADING(S) PTE LTD	Precious metal trading	SGD 70	4,729	70	48.95 %	4,729	—	Equity method	3,018	—	—
Visco International Co., Ltd.	General investment	USD 355	(19,092)	355	55%	(19,092)	—	Equity method	(44)	—	—
SIGCUS USA INC.	TV sets trading	USD 11	(29,606)	550	55%	(29,606)	—	Equity method	(30)	—	—

Note: NTD, 1,000 shares where no other currency is specified.

(II) Consolidated Financial Statements of Affiliated Enterprises: Please refer to Page 140 for the declaration.

(III) Relationship Report: None.

II. In the most recent year up until the publication date of the annual report, for any private offerings of securities, the date of approval by shareholders' meeting or Board of Directors, the amount, the reference and reasonableness of pricing, the choice of specific investors, and the necessity for the offering, should be disclosed:

Private offering of securities

(I) Private offering, cash capital increase, and issuance of common shares in 2018

Item	Private offering, cash capital increase, and issuance of common shares in 2018 Issuance date: Not yet issued
Type of securities offered	Common Share

The date of approval and approved amount by shareholders' meeting and Board of Directors	Date of Board meeting March 30, 2018; Shareholders' Meeting Date: June 28, 2018 In total no more than 61,700,000 shares
The reference and reasonableness of pricing	The price of the private common share is determined based on Order No. Financial-Supervisory-Securities-Corporate-0990046878, and the reference price for private common stock offering is calculated using either the simple average closing price of the common shares of the exchange-listed or OTC-listed company for either the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; or the simple average closing price of the common shares of the exchange-listed or OTC-listed company for the thirty business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction - which ever of the two is higher. The share price in private offerings should not be lower than 50% of the reference price or 80% of the net worth per share in the most recently published financial statement. (For internal subscriptions, the share price in private offerings should not be lower than 80% of the reference price. The actual price shall be resolved at the shareholders’ meeting so the Board of Directors can determine the price according to the pricing method resolved at the shareholders’ meeting. For independent experts’ opinion on the reference and reasonableness of pricing, please refer to the meeting handbook. The pricing for this private offering has been determined in compliance with laws and regulations, in consideration of the Company’s operation status, future prospects, and recent stock price. Due to that the Company still has accumulated losses on the book and earnings per share is under par value, the pricing for this private offering of common shares also takes into consideration the Company's recent stock price in the stock exchange market. However, due to that the Company is a full-cash delivery stock at the moment, with poor market circulation and high fluctuations. As a reasonable measure, the pricing of this private offering will be set at no lower than 50% of the reference price, and with consideration of shareholders’ equity, no lower than 80% of the net worth per share in the most recently published financial statement. Although this price is lower than par value of the share, it should be considered reasonable. Impact on shareholders’ equity: Due to that the discrepancy between the actual price of the common stock of private equity offering and the par value of the stock, accumulated losses will increase. However, the purpose of the private offering of securities is to expand operational scale, find strategic partners, invest in or merge with businesses for development, ensure the Company's long-term operation, increase operating funds for the Company, pay back debts to save on interest expenses, improve financial structure, and lower financial risks. All these measures have benefits for shareholder’s equity. As a result, shareholders’ equity is not negatively impacted. If the above-mentioned matter later causes an increase in the Company’s accumulated deficits, the Company will use surplus or capital reduction for compensation based on the Company’s operations and the market condition. The above methods are based on the consideration of solid management and financial structure security. Other financing methods are adopted with considerations of the relevant regulations. Shareholders’ equity is unlikely to be negatively affected and the share price is reasonable.
The choice of specific investors	Chosen from the specific persons as provided by Article 43-6 of the Securities and Exchange Act.
The necessity of the	The Company has assessed the current capital market, the timeliness of capital raising, and other factors. Private equity offering is the most effective way to raise

private equity offering	capital quickly and there are restrictive assignment rules ensuring a long-term collaboration with the strategic partners. Moreover, the Company at the moment indeed requires funds, but it is unlikely to acquire funds in a short period of time from public offering of securities. To avoid hindering the Company's normal operation, the Company will, in compliance with Article 43-6 of the Securities and Exchange Act, issue new shares for cash capital increase by private equity offering.				
Date when the subscription is paid up in full	--				
Placee information	Targets of the private placement	Conditions	Number of shares subscribed	Their relations with the Company	Their involvement in the Company's management
	--	--	--	--	--
Actual subscription (transfer) price	Not yet issued				
The difference between the actual subscription (transfer) price and the reference price	--				
Impact of the private offering on shareholders' equity (e.g. Increasing accumulated losses)	--				
Plans of allocation of funds and implementation progress	--				
Visible effects of the private offering	--				

(2) Private offering, cash capital increase, and issuance of common shares in 2019

Item	Private offering, cash capital increase, and issuance of common shares in 2019 Issuance date: Not yet issued
Type of securities offered	Common Share
The date of approval and approved amount by shareholders' meeting or Board of Directors	Date of Board meeting: March 28, 2019; Shareholders' Meeting Date: June 27, 2019 In total no more than 57,700,000 shares
The reference and reasonableness of pricing	The price of the private common share is determined based on Order No. Financial-Supervisory-Securities-Corporate-0990046878, and the reference price for private common stock offering is calculated using either the simple average closing price of the common shares of the exchange-listed or OTC-listed company for either the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction; or the simple average closing price of the common shares of the exchange-listed or OTC-listed company for the thirty business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends,

	or capital reduction - which ever of the two is higher. The share price in private offerings should not be lower than 80% of the reference price. The actual price shall be resolved at the shareholders’ meeting so the Board of Directors can determine the price according to the pricing method resolved at the shareholders’ meeting. The pricing of this private equity offering is based on laws and regulations of the competent authority, the current operation status of the Company, and prospective and current stock prices. Because of the Company's accumulated deficits, the net value of each share is lower than the nominal amount. For this private offering of common shares, the Company's recent stock price in the stock exchange market has also been taken into consideration, but because the Company is currently a full-cash delivery stock and has a poor circulation on the market, the pricing for the private common stock offering mentioned above shall be no lower than 80% of the reference price for stability and reasonableness. Although the price of these new shares issued is lower than the par value of the stock, it is still reasonable when taking the circumstances into consideration comprehensively. Effects on shareholders’ equity: The discrepancy between the actual price of the common stock of private equity offering and the par value of the stock will increase the accumulated deficit, but because funds raised from the Company’s private offering of marketable securities are used for expanding the Company’s operations scale, looking for strategic partners, investing or merging new business for development, ensuring a sustainable business operation of the Company, increasing the Company’s operating funds, paying off the debt to save interest expense, and improving the financial structure to reduce the Company's financial and operations risk, the effect on shareholders’ equity is positive and without any major negative impact. If the above-mentioned matter later causes an increase in the Company’s accumulated deficits, the Company in future will use surplus or capital reduction for compensation based on the Company’s operations and the market condition. The above-mentioned method is for pursuing Company operations stability and financial structure safety. Other financing methods are adopted. The Company has also referred to laws and regulations of the competent authority. Because shareholders’ equity is unlikely to be affected, the share price is reasonable.
The choice of specific investors	Chosen from the specific persons as provided by Article 43-6 of the Securities and Exchange Act.
The necessity of the private equity offering	The Company has assessed the current capital market, the timeliness of capital raising, and other factors. Private equity offering is the most effective way to raise capital quickly and there are restrictive assignment rules ensuring a long-term collaboration with the strategic partners. Moreover, the Company at the moment indeed requires funds, but it is unlikely to acquire funds in a short period of time from public offering of securities. To avoid hindering the Company’s normal operation, the Company will, in compliance with Article 43-6 of the Securities and Exchange Act, issue new shares for cash capital increase by private equity offering.
Date when the subscription is paid up in full	Not yet issued

Placee information	Targets of the private placement	Conditions	Number of shares subscribed	Their relations with the Company	Their involvement in the Company's management
	--	--	--	--	--
Actual subscription (transfer) price	Not yet issued				
The difference between the actual subscription (transfer) price and the reference price	--				
Impact of the private offering on shareholders' equity (e.g. Increasing accumulated losses)	--				
Plans of allocation of funds and implementation progress	--				
Visible effects of the private offering	--				

III. The holding or disposal of the Company's stocks by subsidiaries of the Company in the most recent year up until the publication date of the annual report: None.

IV. Other important notices to add: None

IX. Major events in the most recent year up until the publication date of the annual report with significant impact on shareholders' equity or stock price:

None

Appendix 1

2018 Consolidated Financial Report

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For 2018 (from January 1, 2018 to December 31, 2018) according to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, enterprises to be included in the Company's consolidated financial statements for affiliated enterprises are also the enterprises to be included into the consolidated financial statements of parent and subsidiary companies in accordance with IFRS 10. Moreover, because information disclosed in the consolidated financial statements of affiliated enterprises has already been disclosed in the previous consolidated financial statements of parent and subsidiary, the Company does not need to prepare the consolidated financial statements for the affiliated enterprises separately.

BULL WILL Co., Ltd.
Person in charge: CHANG CHIEH MIN

March 28, 2019

Independent Auditors' Report

BULL WILL Co., Ltd.

Opinion

We have audited the following financial statements of Bull Will CO., Ltd. and its subsidiaries (hereinafter as the Group): the consolidated balance sheet at December 31, 2018, the consolidated income statement, the individual statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements, including a summary of significant accounting policies from January 1 to December 31 of 2018.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and its consolidated financial performance and its consolidated cash flows for the period from January 1 to December 31, 2018 of the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRs), the international Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards in the Republic of China. Our responsibilities under those rules and standards are described in the section of the responsibilities of accountants auditing consolidated financial statements. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants of the Republic of China, stayed fully independent of the Group, and fulfilled other responsibilities in accordance with the code. We believe that we have obtained adequate and appropriate audit evidence to provide a basis of our audit opinion.

Key audit matters

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2018 consolidated financial statements of Bull Will Co., Ltd. and the subsidiaries. These matters were addressed during the audit of the overall consolidated financial statements and in the formation of our opinion. We do not express our opinion on these matters separately. We have determined the following key audit matters to be addressed in the audit report:

Sales income recognition

Regarding the accounting policy of income recognition, please refer to Note 4(27) of the consolidated financial statements. For description of operating income components, please refer to Note 6(23) of the consolidated financial statements. The major source of income of the Group is sales of electronic components and related products. Product sales may have a significant impact on the financial statements because product sales is a major risk associated with ownerships and are related to conditions such as renumeration transferred to the buyers, the sales amount can be reliably assessed, and the future economic benefits when received by the company are very likely to be recognized as income. Therefore, product sales of the Group is chosen to be a key audit matter of this year.

For the audit procedure, we have learned to understand and tested the effectiveness and implementation of the primary internal control of the sales income. For this audit, we sampled the top ten clients newly added to the sales and the major clients of the sales to test the sales and collection cycle. We tested the reasonableness of the timing of income recognition and whether the party receiving a payment and the party products are sold to are consistent. We selected several numbers before/after the date of the balance sheet or the original documents checked and recorded during a period of time before/after the closing date to verify the appropriateness of the recording of the sales income and the accounts receivables.

Matters of emphasis

As shown in Notes 9, (1), 2 and 3 of the consolidated financial statements, the accounts receivable (NTD 242,844,000, including the amount from selling the accounts receivable of non-resource signed with Bank SinoPac) from transactions with YANG HWA TECHNOLOGY CORPORATION has not been collected yet and was recorded as "accounts receivable" of NTD 36,996,000 and "other accounts receivable" of NTD 205,848,000. Because this "other accounts receivable" is a reparation from the trade credit insurance, the compensation and the timing have not been settled. As a result, 100% allowance for doubtful accounts is used.

As shown in Note 6(18) of the consolidated financial statements, Bull Will Co., Ltd. has carried out capital increase by cash through private equity offering in 2017. As stated in Note 12(1) of the consolidated financial statements, Bull Will Co., Ltd. on March 30, 2018 resolved the implementation of private offering of ordinary shares at the Board of Directors.

The matters above did not lead us to modify our opinion.

Other matters

The Group has prepared the 2018 consolidated financial statements, and we have issued an audit report with unmodified opinion. That report is available for reference.

The Group has prepared the 2017 consolidated financial statements, and we issued an audit report with unmodified opinion on March 30, 2018. That report is available for reference.

Responsibilities of management and those charged with governance for the consolidated financial statements

The responsibilities of management is to prepare appropriately stated consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Standards (IFRs), the international Accounting Standards (IASs), and the related interpretations and interpretative bulletins endorsed by the Financial Supervisory Commission of the Republic of China. Management is also responsible for maintaining necessary internal control relevant to the preparation of the consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement by fraud or error.

Management when preparing the consolidated financial statements is also responsible for evaluating the Group' s ability to continue as a going concern, the disclosure of relevant matters, and the use of the going concern basis of accounting unless management intends to liquidate the Group, to cease the operations, or to liquidate or to have no feasible alternatives but to do so.

Those charged with governance (i.e., independent directors and supervisors) of the Group are responsible for overseeing the group's financial reporting procedure.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of the auditors for auditing the consolidated financial statements are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from any material misstatement due to fraud or errors and to issue an auditors' report accordingly. Reasonable assurance refers to a high level of assurance, but there is no guarantee that an audit performed according to generally accepted auditing standards can detect any material misstatement existing in the consolidated financial statements. Misstatements may arise from fraud or error. A misstated dollar amount, individually or in the aggregate, that could be reasonable predicted to influence the economic decision of the user of the consolidated financial statements can be viewed as material.

In accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate 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. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Group to express an opinion

on the consolidated financial statements. We are responsible for the direction, supervision, and performance of group audits and are responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and the timing of the audit as well as the material audit findings (including significant internal control shortcomings identified from the audit).

We also provide those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants of the Republic of China and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

We determined the key audit matters of the consolidated financial statements of 2018 of the Group according to matters communicated with those charged with governance. We describe these matters in the audits' report, unless the laws and regulations prohibit the disclosure of such a matter or under rare condition that we decide not to communicate a given matter because the negative impact from such communication is greater than its public benefits under reasonable assumption.

SHINEWING TAIWAN CPA
Accountants: Chen Kuang-hui

Yao Yu-lin

Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan
Approval No.: (107) Jin-Guan-Zheng-Shen-Zi-1070345892
(107) Jin-Guan-Zheng-Shen-Zi-1070342733

March 28, 2019

BULL WILL Co., Ltd. and subsidiaries
Consolidated Balance Sheets
2018 and December 31, 2017

Unit: 1,000 NTD

Code	Assets	Notes:	December 31, 2018 Amount	%	December 31, 2017 Amount	%
11XX	Current asset					
1100	Cash and cash equivalents	6(1)	$ 39,011	18	$ 47,663	18
1150	Net notes receivable	VI(IV)	244	--	454	--
1170	Net accounts receivable	6(4) and (6)	76,108	35	90,703	34
1180	Accounts receivable from related parties	6(4) and 7	75	--	--	--
1200	Other accounts receivable	6(5)	2,186	1	2,752	1
1210	Other accounts receivable from related parties	6(5) and 7	--	--	134	--
1220	Current tax assets		--	--	23	--
130X	Inventories	6(7)	25,572	12	38,191	14
1410	Advance payments		735	--	8,823	3
1460	Disposal group held for sale	6(9)	320	--	434	--
1476	Other financial assets - current	6(8) and 8	5,548	3	9,590	4
1479	Other liquid assets - current	7	--	--	316	--
			149,799	69	199,083	74
15XX	Non-current assets					
1517	Financial assets carried at fair value through	6(2)	--	--	--	--
1543	Financial assets carried at cost: Non-current	6(3)	--	--	--	--
1550	Investments accounted for using the equity method	VI(X)	4,279	2	--	--
1600	Property assets, plants, and equipment	6(11)	7,000	3	10,003	4
1760	Investment property, net	6(12) and 8	21,157	10	22,478	8
1840	Deferred tax assets	6(29)	32,966	15	34,314	13
1920	Guarantee deposits paid	7	903	1	1,574	1
			66,305	31	68,369	26
	Total assets		$ 216,104	100	$ 267,452	100

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BULL WILL Co., Ltd. and subsidiaries
Consolidated Balance Sheets
2018 and December 31, 2017

(Cont'd)

Unit: 1,000 NTD

Code	Liabilities and equity	Notes:	December 31, 2018 Amount	%	December 31, 2017 Amount	%
21XX	Current liabilities					
2130	Contractual liabilities - current		$ 23	--	$ --	--
2170	Accounts payable	6(13)	36,169	17	45,181	17
2180	Accounts payable from related parties	6(13) and 7	4	--	--	--
2200	Other accounts payable		48,216	22	48,142	18
2220	Other accounts payable from related parties	7	188	--	154	--
2250	Liability reserve - current	6(16)	1,151	1	1,211	--
2260	Liabilities directly related to the disposal group	6(9)	211	--	229	--
2320	Long-term liabilities - current portion	6(14) and 8	11,947	5	20,227	8
2399	Other current liabilities: others		1,271	1	1,750	1
			99,180	46	116,894	44
25XX	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	--	--	11,947	4
			--	--	11,947	4
	Total liabilities		99,180	46	128,841	48
31XX	Consolidated net income attributed to stockholders					
3100	Capital stock	6(18)	1,113,364	515	1,113,364	417
3200	Capital surplus	6(19)	43,306	20	43,306	16
3300	Retained earnings	6(20)				
3,350	Accumulated deficits to be covered		(1,030,829)	(477)	(1,010,109)	(378)
3400	Other equity	6(21)	6,704	3	7,157	3
			132,545	61	153,718	58
36XX	Non-controlling interests	VI(XXII)	(15,621)	(7)	(15,107)	(6)
	Total equity		116,924	54	138,611	52
	Total liabilities and equities		$ 216,104	100	$ 267,452	100

(Please refer to notes of the consolidated financial statement.)

Chairperson: Chang Chieh-min Manager: Lee Tai Hsiang Accounting manager: Lo Wei-chang

BULL WILL Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

2018 and December 31, 2017

Unit: 1,000 NTD

Code	Item	Notes:	2018 Amount	2018 %	2017 Amount	2017 %
4000	Operating revenue	6(23) and 7	$ 245,875	100	$ 286,954	100
5000	Operating cost	6(7) and 7	(198,751)	(81)	(232,237)	(81)
5900	Operating gross profit		47,124	19	54,717	19
6000	Operating expenses	7				
6100	Selling expenses		(18,178)	(7)	(15,865)	(6)
6200	Management expenses		(52,404)	(21)	(61,553)	(21)
6300	Research and development expenses		(4,119)	(2)	(4,530)	(2)
			(74,701)	(30)	(81,948)	(29)
6900	Operating losses		(27,577)	(11)	(27,231)	(10)
7000	Non-operating income and expenses					
7010	Other income	VI(XXIV) and	6,144	2	4,676	2
7020	Other gains and losses	6(25)	2,311	1	(10,430)	(4)
7050	Financial cost	6(28)) and 7	(1,426)	--	(3,007)	(1)
7060	Accounted for using the equity method					
	Share of profits of associates	VI(X)	1,937	1	--	--
			8,966	4	(8,761)	(3)
7900	**Net loss before tax**		(18,611)	(7)	(35,992)	(13)
7950	Income tax expenses	6(29)	(1,897)	(1)	(23,125)	(8)
8000	**Current net loss from continuing**		(20,508)	(8)	(59,117)	(21)
8100	Loss from discontinued operations		(92)	--	(97)	--
8200	**Current net losses**		(20,600)	(8)	(59,214)	(21)
8300	**Other comprehensive income**					
8360	Components may be subsequently					
8361	Exchange differences on translation of foreign financial		(1,165)	--	5,050	2
8365	Equity directly related to asset		(4)	--	(3)	--
8399	Income tax of components that may be		82	--	(669)	--
			(1,087)	--	4,378	2
	Other comprehensive income (loss) for		(1,087)	--	4,378	2
8500	**Total current comprehensive income**		($ 21,687)	(8)	($ 54,836)	(19)
8600	**Net losses are attributable to:**					
8610	The proprietor of the parent company		($ 21,026)	(8)	($ 55,694)	(20)
8620	Non-controlling interests		426	--	(3,520)	(1)
			($ 20,600)	(8)	($ 59,214)	(21)
8700	**Total comprehensive gain/loss from:**					
8710	The proprietor of the parent company		($ 21,173)	(8)	($ 52,429)	(18)
8720	Non-controlling interests		(514)	--	(2,407)	(1)
			($ 21,687)	(8)	($ 54,836)	(19)
	Earnings per share	6(30)				
9710	Net loss from continuing operations		($ 0.19)		($ 0.68)	
9720	Net loss from discontinued operations		$ --		$ --	
9750	Total basic earnings per share (NTD)		($ 0.19)		($ 0.68)	

(Please refer to notes of the consolidated financial statement.)

Chairperson: Chang Chieh-min Manager: Lee Tai Hsiang Accounting manager: Lo Wei-chang

BULL WILL Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

2018 and December 31, 2017

Unit: 1,000 NTD

	Consolidated net income attributed to stockholders of the company								
	Capital			Other equity					
Item	Share capital - common stock	Capital surplus	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) of financial assets carried at fair value through other comprehensive income	Equity directly related to asset groups available-for-sale	Total	Non-controlling interests	Total equity
Balance, January 1, 2017	$ 729,364	$ 43,306	($ 628,015)	$ 1,879	$ --	$ 2,013	$ 148,547	($ 12,700)	$ 135,847
Cash capital increase	384,000	--	(326,400)	--	--	--	57,600	--	57,600
	1,113,364	43,306	(954,415)	1,879	--	2,013	206,147	(12,700)	193,447
Net loss in 2017	--	--	(55,694)	--	--	--	(55,694)	(3,520)	(59,214)
Other comprehensive income in	--	--	--	3,268	--	(3)	3,265	1,113	4,378
Total comprehensive income in	--	--	(55,694)	3,268	--	(3)	(52,429)	(2,407)	(54,836)
Balance, December 31, 2017	1,113,364	43,306	(1,010,109)	5,147	--	2,010	153,718	(15,107)	138,611
Adjustments of retrospective	--	--	k306	--	(306)	--	--	--	--
Balance, beginning of the	f1,113,364	43,306	(1,009,803)	5,147	(306)	2,010	153,718	(15,107)	138,611
Net loss in 2018	--	--	(21,026)	--	--	--	(21,026)	426	(20,600)
Other comprehensive income in	--	--	--	(143)	--	(4)	(147)	(940)	(1,087)
Total comprehensive income in	--	--	(21,026)	(143)	--	(4)	(21,173)	(514)	(21,687)
Balance, December 31, 2018	$ 1,113,364	$ 43,306	($ 1,030,829)	$ 5,004	($ 306)	$ 2,006	$ 132,545	($ 15,621)	$ 116,924

(Please refer to notes of the consolidated financial statement.)

Chairperson: Chang Chieh-min Manager: Lee Tai Hsiang Accounting manager: Lo Wei-chang Manager: Li Tai-hsiang

BULL WILL Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
2018 and December 31, 2017

Unit: 1,000 NTD

	2018	2017
Cash flows from operating activities		
Before tax net loss from continuing operations	($ 18,611)	($ 35,992)
Loss from discontinued operations	(92)	(97)
Net loss before tax	(18,703)	(36,089)
Adjustments:		
Profit/loss not affecting cash flows		
Depreciation	3,209	4,033
Provision (reversal) for bad debt expense	(2,492)	6,512
Interest expense	1,426	3,007
Interest income	(153)	(149)
Loss (income) from disposal of investment	323	(112)
Income from disposal and write-off of property,	--	(52)
Disposal of investment property gain	(108)	--
Share of loss of associates accounted for using	(1,937)	--
Net loss (gain) on foreign currency exchange	(2,678)	10,593
Financial asset reversal gain	--	(344)
Assets/liabilities changes related to operating		
Decrease in notes receivable	210	184
Decrease in accounts receivable	16,960	23,101
Decrease (increase) in accounts receivable from	(75)	58
Increase (decrease) in other accounts receivable	566	(366)
Decrease in other accounts receivable from related	134	1,300
Decrease in inventories	12,619	11,173
Decrease (increase) in advance payments	8,088	(6,168)
Decrease in other financial assets - current	4,042	16,631
Decrease in other non-current assets - other	316	877
Increase (decrease) in contractual liabilities	23	(215)
Decrease in accounts payable	(9,012)	(10,330)
Increase in accounts payable from related parties	4	(9)
Decrease in other accounts payable	(496)	(3,826)
Decrease in other accounts payable - related parties	(21)	(24,354)
Decrease in liability reserve - current	(60)	(214)
Increase (decrease) in other current liabilities -	(479)	437
Operating cash inflows (outflows)	11,706	(4,322)

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BULL WILL Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows (Cont'd)
2018 and December 31, 2017

(Cont'd)

Unit: 1,000 NTD

	2018	2017
Interests received	153	149
Income taxes paid	(127)	(181)
Net cash inflows (outflows) from operating activities	11,732	(4,354)
Cash flows from investment activities		
Proceeds from disposal of financial assets carried at cost	--	1,370
Acquisition of investments accounted for using the equity method	(1,564)	--
Cash returned from capital reduction of financial assets carried at cost	--	1,068
Acquisition of property assets, plants, and equipment	(142)	(247)
Proceeds from disposal of property assets, plants, and equipment proceeds	--	386
Proceeds from disposal of investment property	1,290	--
Decrease in guarantee deposits paid	671	1,038
Net cash inflows (outflows) from investment activities	255	3,615
Cash flows from fundraising activities		
Payments of long-term borrowings	(20,227)	(50,389)
Decrease in guarantee deposits paid	--	(93)
Interests paid	(819)	(3,076)
Cash capital increase	--	57,600
Net cash inflows (outflows) from fundraising activities	(21,046)	4,042
Effect of exchange rate changes on cash and cash equivalents	293	(5,788)
Net decrease in cash and cash equivalents	(8,766)	(2,485)
Cash and cash equivalents at beginning of this year	48,097	50,582
Cash and cash equivalents at end of this year	$ 39,331	$ 48,097
Cash and cash equivalents in the balance sheet	$ 39,011	$ 47,663
Cash and cash equivalents classified to the disposal group held for sale	$ 320	$ 434
Investment of partial expenditure for receiving cash		
Proceeds for buying property assets, plants, and equipment	$ 142	$ 149
Beginning balance payable - machinery and equipment	--	98
Ending balance payable - machinery and equipment	--	--
Cash paid of this period	$ 142	$ 247
Fundraising activities not affecting cash flows		
Long-term borrowings - current portion	$ 11,947	$ 20,227

(Please refer to notes of the consolidated financial statement.)

Chairperson: Chang Chieh-min Manager: Lee Tai Hsiang Accounting manager: Lo Wei-chang

BULL WILL Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements

2018 and December 31, 2017

(Unless otherwise noted, the amounts are expressed in thousands of New Taiwanese Dollars.)

1. Company milestones

Approved by the Ministry of Economy Affairs, Bull Will Co., Ltd. (the Company) was established in December 20, 1993 and the registered address is 3F., No. 199, Ruihu St., Neihu Dist., Taipei City. The Company's consolidated financial statements of December 31, 2018 is composed of the equity of the Company, of the Company's subsidiaries, (the Group), and of associates and jointly controlled entities of the Group. The Company is the direct parent company of the Group.

The primary business items are the production, processing, import/export and trading of electronic materials and components.

2. Date and Procedures of Approval of Financial Statements

These consolidated financial statements have been approved by the Board of Directors on March 28, 2019 and announced.

3. Applicability of newly issued and revised standards and interpretations

(1) Impacts from adopting the latest, amended and revised International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) and related interpretations and interpretative bulletins approved by the Financial Supervisory Commission (ROC): 2018 applicable IFRSs and IASs and related interpretations and interpretative bulletins approved by the Financial Supervisory Commission:

Latest standards, interpretations, and modification	Major modified content	Effective date of IASB issuance
· Amendments to IFRS 2 Share-based Payments in	This amendment clarifies that the measurement of the fair	January 1, 2018

Relation to Measurement and Classification	value of cash-settled share-based payment should be consistent with the the measurement basis of the fair value of equity-settled share-base payment and equity instrument. This amendment also clarifies the accounting treatment of changing share-based payment from cash-settled to equity-settled. In addition, this amendment provides one exception: when the employer is obliged to withhold and pay tax related to employees and share-based payment to tax authorities, the share-based payment as a whole should be treated as equity-settlement.	

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· Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	This amendment is made in accordance with new standards of IFRS 4 " Insurance Contracts " and because of different asset and liability measurement basis from IFRS 9 "Financial Instrument" as a result of the different applicable dates, insurers meeting IFRS 9 " Insurance Contract " and certain specific conditions are allowed to choose to be temporarily waived from adopting IFRS 9 "Financial Instruments" or choose to use the alternative treatment of the overlay approach when IFRS 9 "Financial Instruments" is applicable.	January 1, 2019
· IFRS 9 "Financial Instruments"	Amendment of financial assets classification and measurement regulations and introduction of the impairment model of expected losses Financial liabilities requesting designated fair value change to be included in profit or loss should be	January 1, 2019

	reflected in " Other comprehensive income " with fair value change generated from credit risk related to the issuer of said financial liabilities and when they are derecognized, their related profit or loss shall not be transferred to profit or loss of the reporting period. One exception is that if at the initial recognition there is reasonable evidence showing that if reflecting such fair value change on " Other comprehensive income " will lead to significant accounting mismatch, then the fair value change can be reflected in " profit of loss of the reporting period." A substantial modification of hedge accounting enables a company to better reflect its risk management activities in the financial statements. It is allowed to use the regulation on changes in "Own credit " without changing other accounting treatment of financial instruments.	
· IFRS 15 "Revenue from Contracts with Customers"	It replaces IAS 11 " Construction Contracts, " IAS 18 "Income" and related interpretations and bulletins. The core principle is that companies should recognize income for describing that the amounts from transferring promised goods or labor to customers are the consideration the company acquired from exchanging the expected ownership of said goods or labor.	January 1, 2019
· Amendments to interpretations to IRFS 15 "Revenue from Contracts with Customers"	These amendments are mainly to clarify ways to identify the performance obligation of an agreement, ways to identify the person in charge or the proxy of a company, and ways to determine whether an authorized income should be recognized at a certain time point or be recognized gradually with time.	January 1, 2019
· Amendments to IAS 7 "Disclosure Initiative"	These amendments request companies to add change in	January 1, 2018

	liabilities related to or from fundraising activities into the disclosure, and changes in cash and non-cash are included. According to the assessment, this amendment will increase the disclosure of changes in liabilities related to fundraising activities.	
· Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	These amendments are to clarify how deferred income tax assets generated from unrealized impairments should be recognized.	January 1, 2018

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· Amendments to IAS 40 "Transfers of Investment Property"	These amendments clarify that a transfer into the investment property or a transfer out of the investment property can be done only when the use is changed. To change the property use or not is determined by considering whether said property meet the definition of investment property and whether there is enough evidence proving the change of use. Management's intent to change the use of said property alone cannot be used as an evidence for supporting the change of use. In addition, the amendments add examples for proving the change of use, including for property under construction or development (not limited to construction completed property), and when the property is transferred to be for own use, it can be transferred from investment property to own property and inventory can be transferred to investment property at the starting date of the lease.	January 1, 2019
· Interpretations to IRFS 22 Foreign Currency Transactions and Advance Consideration	This interpretation explains the use of the trading date of the foreign currency dominated contract to be the date of the company's initial recognition of non-current assets or liabilities of the consideration of income received or payment made in	January 1, 2019

	advance before recognizing related assets, expenses, and revenue.	
‧Annual Improvements to IFRS 2014-2016 Cycle: IFRS 1 "First-time Adoption of International Financial Reporting Standards"	It removes the regulations on the short-term exemption of the disclosure of financial instruments and the short-term exemption of employee benefits and investment individuals.	January 1, 2019
‧Annual Improvements to IFRS 2014-2016 Cycle: IFRS12 "Disclosure of Interests in Other Entities"	It amends and clarifies that when a company classifies its share of equity of subsidiaries, joint ventures, or associates (or a part of the equity of the joint ventures or associates) in accordance with IFRS 5 " Non-current Assets Held for Sale and Discontinued Operations, " to available-for-sale, the Company only needs to disclose the summarized financial information of the subsidiaries, joint ventures, or associates in accordance with Paragraphs B10 to B16. In other words, other information that these standard requests to be disclosed should still be disclosed.	January 1, 2018
‧Annual Improvements to IAS 2014-2016 Cycle: IAS 28 "Investments in Associates and Joint Venture"	IAS 28 allows that when the investments in associates or joint ventures are directly or indirectly held through venture capital organizations or mutual funds, unit trusts, or other similar entities (including investment-linked insurance funds), said entities can choose to adopt the regulations of IFRS 9 "Financial Instruments" to measure the investments in the associates or joint ventures at fair value through equity. These amendments clarify that before applying the afore-mentioned regulations, companies should make the choice at the initial recognition of each associate and joint venture.	January 1, 2019

2. Effect of first time IFRS 9 applicable

IFRS 9 replaces IAS 39, and the Group according to the existing facts and conditions at January 1, 2019 evaluated the classification of existing financial assets on that specific date and chose not the reclassify the comparative period. At January 1, 2018, the measurement types, carrying amounts, and changes of each class of financial assets according to IAS 39 and IFRS 9 are as follows:

Financial asset class	Measurement type IAS39	Measurement type IFRS9	Carrying amount IAS39	Carrying amount IFRS9
Cash and cash equivalents	Loans and receivables	Measurement at amortized cost	$ 47,663	$ 47,663
Stock investment	Financial assets measured at cost	Financial assets measured at fair value through other comprehensive income	--	--
Notes receivable, accounts receivable, and other receivable	Loans and receivables	Measurement at amortized cost	94,043	94,043
Other financial assets - current	Loans and receivables	Measurement at amortized cost	9,590	9,590
Guarantee deposits paid	Loans and receivables	Measurement at amortized cost	1,574	1,574

(1) The Group's initially classified as non-listed stocks/non-emerging stocks measured at cost of IAS 39 was classified as equity instrument investments measured at fair value through other comprehensive income according to IFRS 9 and re-classified at fair value, and there is no effect on retained earning at January 1, 2018.

Moreover, the Group's initially recognized impairment losses of financial asset impairment measured at cost and accumulated in retained earnings had adjustments of an increase of retained earnings of NT$306,000 and of an decrease of retained earnings of NT$ 306,000 in according to the stipulation of IFRS 9 of using fair value measurement without evaluating the impairment.

(2) Notes receivable, accounts receivable, other receivable, other financial assets – current, and guarantee deposits paid should be classified as loans and receivables according to IAS 39 or as financial assets measured at amortized cost according of IFRS 9 and expected credit losses should be evaluated.

3. Effect of first time IFRS 15 applicable

IFRS 15 replaces IAS 11, IAS 18, and related interpretations and interpretation bulletins. The Group chooses to apply IFRS 15 on uncompleted contract traceability without reclassifying the comparative information of 2017.

The Group's major revenue from contracts with customers is product sale, and the effect of IFRS 15 on the Croup is explained below.

The Group's product sales transactions before January 1, 2018 was recognized at transferring product ownership. Starting from January 1, 2018, the aforementioned income does not have any effect on the recognition of income from product sale according to IFRS 15, but for part of the contract, the Group charges the customer partial consideration before transferring the ownership, and the Company bear the obligation of the subsequent transferring of the ownership. Before January 1, 2018, the advance acquired consideration was recognized as unearned receipts, and starting from January 1, 2018, the advance acquired consideration has been recognized as contact liability according ot IFRS 15. Compared to the amounts applying IAS 18, there is a 23,000 reduction in the advance receivable of December 31, 2018 and a 23,000 increase in contract liability of December 31, 2018.

(II) Impacts from not yet adopting the latest, amended and revised

International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (ROC):

The following chart summarizes the latest, amended and revised IFRS standards and interpretations applicable for 2019 approved by the Financial Supervisory Commission:

Latest standards, interpretations, and modification	Major modified content	Effective date of IASB issuance
· Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	This amendment stipulates a limited scope of modification when determining whether a financial asset of prepayment option satisfies the requirement of using all contract cash flow for paying the principle and the interest. When a prepayment amount cover reasonable compensation for terminating a contract in advance (i.e., negative compensation), it meets the condition of using all contract cash flow for paying the principal and the interests. It also clarify the conclusion: Financial liabilities should be consistent with financial assets, and if contract condition modification does not lead to the de-recognization of financial assets, then the difference in cash flow before and after contract modification should be recognized in profit or loss according to the discounted original effective interest rate, discounted at the original effective interest rate.	January 1, 2019
· IFRS 16 – Leases	This new standard requests the lessor to adopt the same accounting model, unless there are any specific exemption conditions. That is, most leases should be recognized as assets and liabilities in the balance sheet. Moreover, leases of lessors are still classified as operation leases and finance leases.	January 1, 2019
· Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	This amendment requests companies to us the updated actuarial assumptions of the re-measurement after confirming changes in the fringe benefit plan to determine the current service cost and net interest of the remaining reporting period after changing the plan.	January 1, 2019
· Amendments to IAS 28	This amendment clarifies that for	January 1, 2019

"Long-term Interests in Associates and Joint Ventures"	the Company's any long-term equity that is part of the net investment of associates or joint venture should be apply IFRS 9 and then by impairment recognition related regulations of IAS 28.	
· Interpretations to IFRS 23 "Uncertainty over Income Tax Treatments"	These interpretation clarify that when there is any uncertainty regarding income tax treatments, the company should adopt this interpretation to determine the taxable income (taxable losses), taxable basis, un-used taxable losses, un-used income tax deduction and tax rates, adopt the regulations of IAS 12 "Income tax" for recognition and measurement of the current and the delayed income tax assets/liabilities.	January 1, 2019

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· Annual Improvements to 2015 - 2017 Cycle	IFRS 3 "Business Combinations" This amendment clarifies that for the enterprise cost of the business acquisition of a joint operation achieved by stages, the acquirer should re-measure the already held equity of the operation concession at the fair value of the date of acquisition. IFRS 11 "Joint Arrangements" This amendment clarifies that when the company acquires the joint control over the business of a joint operation, the equity of the joint operation already held should not be re-measured. Amendments to IAS 12 "Income tax" This amendment clarifies that for financial instruments classified as equity, the consequence of the income tax of the dividends should be recognized according to transactions or matters of the distributable incomes generated from the previous recognition. This requirement is applicable to the income tax consequences of all dividends. IAS 23 "Borrowing costs" This amendment clarifies that when the assets of meeting the requirements reached the to-be-used or to-be-sold state, the company's	January 1, 2019

borrowings for acquiring said assets that remain outstanding shall be part of the general borrowings.

The Corporate treats the lease contract of the lessee in accordance with IFRS 16. Because the restatement of financial statements of the prior period is not used, the right of use assets and lease liabilities are both increased to NTD 178,000 and NTD 178,000 respectively on January 1, 2019.

(3) Impacts from International Accounting Standards Board (IASB) but not yet approved by the Financial Supervisory Commission:

1. The following summarizes the latest, amended and revised IFRS standards and interpretations issued by IASB but not yet approved and included by the Financial Supervisory Commission:

Latest standards, interpretations, and modification	Major modified content	Effective date of IASB issuance
・Amendments to IAS 1 and IAS 8 "Disclosure Initiative - Definition of Material"	These amendments clarify the definition of "material." If there is any missing or misstated information or and confusion that may reasonably expect to affect the primary users of the general-purpose financial statement who make financial decision based on the financial information of a specific reported entity provided by the financial statement, then the information is material.	January 1, 2020
・Amendments to IFRS 3 "Definition of a Business"	The amendments clarify the definition of business, and to be deemed as businesses, the combination of the acquired activities and assets should include at least the input and the substantive processes, and the two should both exert significant contributions to the ability of generating output. Moreover, the output is limited to services and merchandise provided to customers, while the ability of lowering the cost is no longer mentioned. The evaluation of whether market participators are capable of making up a lack of input or process and providing output continuously has been removed. In addition, companies can choose to apply the centralized test, and when the fair	January 1, 2020

	value of total acquired assets is from a single asset (or a group of similar asset), no further assessment is required but to directly determine that the acquired assets are non-business.	

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· Amendments to IFRS 10 and IAS 28 “ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	These amend the inconsistency between IFRS 10 and IAS 28 Transactions of assets for sales (inputs) of investors to associates or joint ventures are recognized as a whole or in part as income disposal according to the nature of the assets for sales (inputs). For assets for sales (inputs) satisfying the “business” scope, all income disposed should be recognized. When the assets for sales (inputs) do not satisfy the “business” scope, they can be only partially recognized as income disposal that are within the scope of equity of the associates or the joint ventures.	To be determined by IASB
· IFRS 17 “ Insurance Contracts”	It replaces IFRS 4 and establishes the principles for recognition, measurements, presentation, and disclosure of insurance contracts issued by the company. These principles apply to insurance contracts (including re-insurance contracts) issued by the company, re-insurance contracts held by the company, and investment contracts with discretionary participation features, and the premise is that said company also issues the insurance contract. Embedded derivatives, differentiable investment components, and differentiable performance obligation should be separated from contract insurance. At the initial recognition, companies should classify its issued insurance contract combination into three groups: the impaired, no significant impairment risk, and the remaining. This standard requires the current measurement model and the estimation has to be re-measured each reporting	January 1, 2021

period. The measurement is based on elements of cash flows of discounted and weighted contracts, risk adjustment, and unearned profits of contracts (the contract service margin). Companies can apply simplified measurement methods for part of the insurance contracts (insurance premium allocation). Earning generated from the insurance contract groups should be recognized during the period covered by the insurance provided by companies or when companies are released from the risks. If the insurance contract groups become impaired, the company should immediate recognize the losses. Companies should state insurance income, insurance service expenses, and financial income and expenses of insurance separately and disclose the amount, judgment, and risk information derived from insurance contracts.

2. The Corporate has determined that the above standards and interpretations have no material effect on the Corporate's financial conditions and performance.

4. Summary of significant accounting policies

The major accounting policies adopted for preparing these consolidated financial statements are described below.

(1) Statement of compliance

This consolidated financial report is prepared in accordance with IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins.

(2) Basis of preparation

1. Aside from financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, which are financial instruments measured at fair value and the defined benefit assets, which are recognized by the net value of the pension fund assets less the current value of defined benefit obligation, this parent company only financial

statement is prepared based on the historical cost.

2. The following critical accounting policies are consistently applicable to the entire period that this consolidated financial statement covers.

3. Some material accounting estimation are used in preparing financial statements based on IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins. When applying the Company's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation in the consolidated financial statements. Please refer to Note 5 attached.

(3) Basis of consolidation

1. Principles for consolidated financial statements preparation

(1) The Group incorporates all subsidiaries into the entities these consolidated financial statements are prepared for. Subsidiaries refer to entities controlled by the Group (including structure entities). When the Group is exposed to variable rewards from participating in that entity or entitled to rights to said variable rewards and the Group has the power and ability to affect said rewards of that entity, the Group controls said entity. The subsidiaries are included into the consolidated financial statements since the day the Group acquire their control and the consolidation ends on the day their control is lost.

(2) The transactions, balance, and unrealized profit or loss generated between the subsidiaries of the Group had been eliminated. Necessary adjustment of accounting policies of the subsidiary has been made so it is consistent with policies of the Group.

(3) Profit or loss and other comprehensive income components are attributable to owners of the parent company and non-controlling interests. Comprehensive income is also attributable to owners of the parent company and non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(4) If changes in the shareholding of a subsidiary do not lead to losing the control (transactions with non-controlling interests), they will be treated as equity transactions, i.e., transactions between shareholders. The difference between adjustment of non-controlling interests and the fair value of the consideration paid or received is directly recognized in equity.

(5) When the Group loses its control over a subsidiary, the remaining investment of the previous subsidiary should be re-measured at the fair value and be treated as the fair value of the initially recognized financial asset or the cost of initially recognized invested associates or joint ventures. The difference between the fair value and the carrying amount is recognized in profit or loss. For all amounts of a subsidiary previously recognized in other comprehensive income, the accounting treatment is based on the same principle as if the Group directly disposes the related assets or liabilities. That is, if the amount is previously recognized as a profit or loss of other comprehensive income, it should be reclassified as income when the related assets or liabilities are disposed. Moreover, when the Company losses the control over the subsidiary, such profit or loss shall be reclassified into income from equity. When disposing related assets, the profit or loss are directly transferred into retained earnings.

2. Subsidiaries included in the consolidated financial statements:

			% shareholding		
Investment company	Subsidiary	Primary business	107 December 31	106 December 31	Description
The Company	Hong Kong Bull Will Holdings	Co., Ltd.	100	100	
Hong Kong Bull Will Holdings	Hong Kong Serial Investment Co., Ltd.	Holding company	100	100	
Hong Kong Serial Investment Co., Ltd.	BULL WILL Electronics Co., Ltd.	Electronic components trading	100	100	
Hong Kong Serial Investment Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	Electronic components production and sales	100	100	
Hong Kong Serial Investment Co., Ltd.	Dongguan Zhao Kang Electronic Co., Ltd.	Electronic components trading	100	100	
Hong Kong Serial Investment Co., Ltd.	Huizhou Bullwill Electronic Co., Ltd.	Electronic components production and sales	100	100	
Hong Kong Serial Investment Co., Ltd.	Huizhou Bai Qin Electronics Co., Ltd.	Electronic components production and sales	100	100	
Hong Kong Serial Investment Co., Ltd.	Visco International Co.,Ltd.	Holding company	55	55	
Visco International Co., Ltd.	SIGCUS USA INC.	TV trading	100	100	

3. Subsidiaries included in the consolidated financial statements: None

4. Adjustment and treatment of different accounting period of subsidiaries: None

5. For subsidiaries whose ability of transferring assets to the parent company is under major restriction, the nature and the degree of restriction are as follows: At December 31, 2018 and 2017, the cash and cash in bank kept in China under local foreign exchange

control was NTD 8,533,000 and NTD 12,448,00 respectively. This local foreign exchange restriction limits the remittance of funds out of China (except through regular dividends).

6. Subsidiaries holding the parent company issued securities: None
7. Subsidiaries of non-controlling equity significant to the Group: The total non-controlling equity of the Group at December 31, 2018 and 2017 was (NTD 15,621,000) and (NTD 15,107,000) respectively. Information of the Group's material non-controlling equity and the subsidiaries possessing non-controlling equity is presented below:

			Non-controlling interests			
			December 31, 2018		December 31, 2017	
Subsidiary	Place of registration	Primary business venue	Amount	% shareholding	Amount	% shareholding
Visco International Co., Ltd.	Belize (Belize)	Taiwan	($ 15,621)	45	($ 15,107)	45

Subsidiaries'financial information summary:

Balance sheets

	Visco International Co., Ltd.	
	December 31, 2018	December 31, 2017
Current asset	$ 19,169	$ 19,476
Non-current assets	--	--
Current liabilities	(52)	(918)
Non-current liabilities	(53,829)	(52,129)
Total net assets	($ 34,712)	($ 33,571)

Statements of comprehensive income

	Visco International Co., Ltd.	
	2018	2017
Revenue	$ --	$ --
Net loss before tax	(80)	(7,821)
Income tax expenses	--	--
Current net losses	(80)	(7,821)
Other comprehensive income (net of income tax)	--	--
Total comprehensive income for the year	($ 80)	($ 7,821)

Total comprehensive income attributable to non-controlling equity	($ 36)	($ 2,407)
Payment for non-controlling equity dividends	$ --	$ --

Statements of Cash Flows

	Visco International Co., Ltd.	
	January 1 to December 31, 2018	January 1 to December 31, 2017
Net cash inflows from operating activities	($ 899)	($ 6,592)
Net cash inflows from investment activities	--	--
Net cash inflows from fundraising activities	--	--
Effect of exchange rate changes on cash and cash equivalents	--	7,484
Increase (decrease) in cash and cash equivalents of the current period	(899)	892
Cash and cash equivalents at beginning of this year	899	7
Cash and cash equivalents at end of this year	$ --	$ 899

(4) Foreign currency translation

Accounts listed in the financial statements of the Group are based on the money (i.e., functional currency) of the primary economic environment where the entity operates. This consolidated financial statement is presented in New Taiwanese Dollars (NTD), which is the Company's functional and presentation currency.

1. Foreign currency transaction and balance

(1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and aside from deferring those satisfying cash flow risk management and net investment to other comprehensive income, the resulting exchange differences are recognized in profit or loss.

(2) Foreign currency monetary assets and liabilities balance is adjusted based on the spot exchange rate on the balance sheet date, and the resulting exchange differences are recognized in current profit or loss.

(3) Foreign currency monetary assets and liabilities balance is adjusted by the spot exchange rate on the balance sheet date, and it is measured at fair value through profit or loss, and therefore, exchange differences generated from the adjustment were recognized as profit or losses. For those measured at fair value through comprehensive income, exchange differences generated from adjustments are recognized in other comprehensive income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.

(5) Classification of current and non-current assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed,

(2) Liabilities held primarily for transaction purposes;

(3) Those expected to be realized in 12 months after the balance sheet date;

(4) Cash and cash equivalents, excluding those to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Company classifies all assets not meeting the above criteria as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities expected to be paid off in the normal operating cycle;

(2) Liabilities held primarily for transaction purposes;

(3) Liabilities that are to be paid off within 12 months after the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Classification of liabilities for which, at the option of the counterparty, repayment is required for the issue of equity instruments is not affected.

The Group classifies all liabilities that do not meet the above criteria as non-current.

3. Because the operating cycle of constructing houses for sale is often longer than one year, the assets and liabilities related to construction are classified into current and non-current depending on the operating cycle (usually three years).

(6) Cash and cash equivalents

1. On the Group's consolidated cash flow statement, cash and cash equivalents include cash on hand, cash in bank, other short-term, highly liquid investments that are due in three months starting from the acquisition date, and overdrafts from banks that can be readily repaid and is part of the overall cash management. Overdrafts from banks are listed in the short-term borrowings of current liability on the balance sheet.

2. Cash equivalents refer to short-term and highly liquid investments satisfying the following conditions:

(1) Those can be readily converted to fixed cash;

(2) Those whose value is minimally affected by interest rate fluctuation.

(7) Financial assets available for sale (accounting policy before January 1, 2018)

1. It refers to non-derivative financial assets that are available for sale or have not been classified into any other categories.

2. The Group uses trade day accounting for available-for-sale financial assets satisfying the accounting practice.

3. The initial recognition is measures at fair value plus transaction costs. Afterward, it is measured at fair value, and changes in fair value are recognized in other comprehensive income. For equity instrument investments not quoted in active markets or derivative instruments associated with this type of equity instruments not quoted in active market price and requiring the delivery of said equity instrument for settlement, when the fair value cannot be reliably measured, the Group states it in "financial assets measured at cost."

(8) Financial assets carried at fair value through other comprehensive income (accounting policy starting from January 1, 2018)

1. It refers to the option of irrevocability at the original recognition that the fair value changes in equity instrument investments not held for transactions or liability instrument investments satisfying the following conditions:
   (1) Financial assets held under the operating model with the purposes of collecting contract cash flow and for sales;
   (2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.
2. The Group adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.
3. The Group at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value.
   (1) Changes in the fair value of equity instruments are recognized in other comprehensive income, and before the de-recognition, the accumulated interest or lost previously recognized in other

comprehensive income should not be reclassified to income but to be transferred to retained earnings. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, the Group shall recognize the amount under profit or loss as dividend income.

(2) Changes in the fair value of debt instruments are recognized in other comprehensive income, and the impairment losses, interest income, and gains or losses on exchange rate of foreign currency exchange are recognized in profit or loss, and at de-recognition, the accumulated gain or loss previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(9) Loans and receivable (accounting policy before January 1, 2018)

1. Accounts receivable

Accounts receivable are original loans and receivable from customers by selling goods or providing services to customers in the normal course of business. Account receivables are originally recognized at fair value and subsequently measured at amortized cost using the effective interest method, less impairment losses. However, for short-term account receivables without interest payment, because of insignificant effect of discounting, they are measured at the original invoice amount.

2. Debt instrument investment of non-active markets

(1) They refer to non-originated loans and receivables without a quoted active market price. They are debt instrument investments with a fixed or determinable payment and satisfying the following conditions:

A. Not classified for measured at fair value through profit and loss;

B. Not assigned for available for sale;

C. Not causing the owner to fail to recover almost all of the original investments due to factors other than worsened credits.

(2) The Group uses settlement day accounting for debt instrument investment of non-active markets but satisfying the accounting practice.

(3) The original recognition of debt instrument investments of no-active markets is measured at fair value plus the transaction cost, and subsequently, the effective interest method is adopted and the investments are measured at amortized cost less the value after impairment.

Any discount or premium is amortized by the effective interest method and recognized in profit or loss.

(10) Accounts and notes receivable (the accounting policy starting from January 1, 2018)

1. This term refers to accounts and notes granting an unconditional right to receive consideration in exchange for transferred goods or rendered services in accordance with the contract.

2. For short-term accounts receivable without interest payment, they are measured at the original invoice amount because of insignificant effect of discounting.

(11) Financial asset impairments

1. Accounting policy before January 1, 2018

(1) The Group at each balance sheet date evaluates the existence of any objective evidence of impairments indicating that one ore more than one events (i.e., loss events) occurred to a given financial asset or a set of financial assets after initial recognition and such impairment may reliably affect the estimation of future cash flows.

(2) The Group uses the following polices to determine the existence of any objective evidence of impairment losses:

A. Issuers or debtors experiencing any significant financial difficulties;

B. Defaults such as insolvency or delinquency of interest or principal payments;

C. The Group giving concessions, which the Group would not consider otherwise, to the insolvent debtor for economic or legal reasons;

D. Significantly increased chance for the debtor to enter bankruptcy or other financial reorganization;

E. The disappearance of an active market for that financial asset because of financial difficulties;

F. Observable data show that the estimated future cash flows of a group of financial assets has measurable reduction after the original recognition of said group of assets, and even though the reduction can yet be determined to be belonged to a given financial asset of the group, the such data include adverse changes of situation of payments of debtor of said financial asset group or national or regional economic condition related to the default of assets of said financial assets group;

G. Information of material changes in the technology, market, economy, or laws and regulations of the operating environment of the issuer and evidence indicating that the investment cost of that equity investment may be unrecoverable; or

H. Substantial or continuous drop of fair value of equity instrument investment to lower than the cost.

(3) The Group when evaluating the objective evidence of existed impairments and knowing that an impairment loss has already occurred shall treat it as according to the type below:

A. Financial assets measured at amortized cost

The difference between the asset's carrying amount and present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognized as an impairment loss in profit or loss. When the impairment loss reduces in the subsequent period and the reduction can be objectively linked to events occurred after the impairment recognized, this impairment loss is reversed through profit or loss. The previously recognized impairment loss that is within the limit amount of amortized cost of unrecognized impairment loss on the day of reversal shall be reversed in profit or loss. For recognized and reversed impairment losses, an allowance account is used for adjusting the carrying amount of the asset.

B. Financial assets measured at cost

The difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at a similar financial asset's present market return rate is recognized as an impairment loss in profit or loss. This type of impairment losses is not reversible subsequently. For recognized impairment losses, an allowance account is used for adjusting the book value of the asset.

2. Accounting policy starting from January 1, 2018

For debt instrument investment measured at fair value through other comprehensive income, financial assets measured at amortized cost, and accounts receivable or contract assets, rents receivable, loan commitments, financial guarantee contracts, and others containing a significant financial component, the Group on each balance sheet day will consider all reasonable and verifiable information (including prospective information) to routinely measure allowance losses for expected credit loss amount for 12 months for those without significant increase in credit risk after the original recognition. For those with a significant increase in the credit risk after the original recognition, the allowance losses are measured according to the expected credit loss amounts for the life time. For accounts receivable that does not contain a significant financing component, the Group measures the loss allowance at an amount equal to lifetime expected credit loss amounts.

(12) De-recognization of financial assets

If the Group will de-recognize a financial asset if one of the following conditions is met:

1. The contractual rights for cash flows from the financial asset expire.
2. The contractual rights to receive cash flows from the financial asset are transferred, and almost all risks and rewards of the ownership of the financial asset have been transferred.
3. Almost all risks and returns from financial asset ownerships are neither transferred nor retained but the control of the financial assets is not kept.

(13) Inventories

The Group's inventory carry-over is evaluated by the average method. The final inventory is evaluated by cost or the net realizable value whichever is lower. The net realizable value refers to the estimated sale price in the normal course of business, less relevant cost and sale expenses required until the completion of the work. When comparing the cost of inventories and the net realizable value, it is done item by item. The amount of inventory of writing down the cost of inventories to the net realizable value is recognized as the cost of sales.

(14) Group for disposal

When the carrying amount of the group for disposal is mainly recovered through sale transactions instead of continuous use and is highly likely to be classified as the group for disposal upon sale and measured at either the carrying amount net of the cost to sell or fair value net of the cost to sell whichever is lower.

(15) Investments accounted for using the equity method/associates

1. Associates refer to entities the Group has material effects but without control. In general, the term refers to entities which the Group holds directly or indirectly more than 20% of voting shares. The Group's investment on associates is measured at the equity method, recognized by cost at the acquisition, including goodwill recognized at the acquisition, less the accumulated impairment losses generated from subsequent evaluation.
2. The Group recognizes the share of profit or loss after acquiring an associate in profit or loss, and as for the share of other comprehensive income after the acquisition, it is recognized in other comprehensive income. If the Group's share of loss of any associate becomes equal to or greater than the its equity of that associate (including other unsecured accounts receivable), the Group will not recognize any further loss, unless a legal obligation or constructive obligation arise for the Group or if the Group has made payment for the associate.
3. When an associate issues new shares, if there is any change in the investment ratio because Group does not subscribe or acquire the shares proportionally and the effect is material, then the increase/decrease of the net value of said equity shall be reflected by adjusting the "additional paid-in capital" and "investment measured at the equity method." If said change lowers down the investment ratio, then aside from the aforementioned adjustment, any gain or loss previously recognized in the "other comprehensive income" related to the reduction of said ownership equity that should be reclassified to losses when the related assets or liabilities are disposed, said gain and loss should be reclassified to profit and loss according to the reduced proportion.
4. The unrealized gain and losses arise from transaction between the

Group and the associates have been discharged according to the percent equity of associates Unless evidence shows that the assets transferred by said transaction have been impaired, unrealized losses will be discharged, too. Necessary adjustment of accounting policies of the associates has been made so it is consistent with policies of the Group.

5. When the Group loses its major effect on an associate, the remaining investment of the previous associate should be re-measured at the fair value. The difference between the fair value and the carrying amount is recognized in profit or loss. For all amounts of a subsidiary previously recognized in other comprehensive income, the accounting treatment is based on the same principle as if the Group directly disposes the related assets or liabilities. That is, if the amount is previously recognized as a profit or loss of other comprehensive income, it should be reclassified as income when the related assets or liabilities are disposed. Moreover, when the Company losses the control over the subsidiary, such profit or loss shall be reclassified into income from equity.

(16) Leases

1. According to the conditions of lease contracts, when the Company bears almost all risks and returns of the lease ownership, the lease will be classified as finance lease.
   (1) When the lease begins, it is recognized as assets and liabilities according to the fair value of the leased asset or the present value of the minimum lease payment, whichever is lower.
   (2) Subsequent minimum lease payments are allocated to the financial cost and used for reducing unpaid debts. The financial cost is amortized over the periods during the lease period to have a fixed interest rate over the period calculated using the debt balance.

(3) Property assets and plants and equipment acquired under finance lease are depreciated by the useful life of the assets. If whether the Company will acquire the ownership at the end of the lease period cannot be reasonably confirmed, the asset shall be depreciated according to the useful life of the asset or the lease period, whichever is shorter.

2. The payments of operating lease less any incentives received from the lessor are recognized in profit or loss on a straight-line basis over the term of the lease.

(17) Property, plants, and equipment

1. Property assets, plants, and equipments are carried at acquisition cost, and the related interests during the construction period are capitalized.

2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Group, and the cost of this item can be reliably measured. The carrying amount of the replaced part should be derecognized. All other repair and maintenance expenses are recognized in current income when they are incurred.

3. Property assets, plants, and equipment are measured subsequently using the cost model. Except land, which is not depreciated, all others are depreciated by the straight-line method according to the estimated useful lives. Significant components of property assets, plants, and equipment should be depreciated separately. Consolidation The Company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8

Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment. The useful life of each asset is as follows:

Machinery Equipment	3-5 Years
Transportation Equipment	5 Years
Office Equipment	3-10 Years
Leasehold Improvement	5 Years
Other Equipment	2-6 Years

(18) Investment Real Estate

Investment real estate is recognized by acquisition cost, and cost model is adopted for subsequent measurement. Except for land, depreciation shall be carried out by the straight-line method according to the estimated useful life, which shall be 50 years.

(19) Impairment of Non-Financial Assets

On the balance sheet date, the merged company estimates the recoverable amount of the assets with indicator of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount means the fair value of an asset minus the cost of sell-off or the value of its use, whichever is higher. Aside from goodwill, when an asset impairment loss recognized the year before disappears or decreases, reverse the impairment loss, but the increase to the carrying amount of the asset due to the reversal does not exceed the amount (less amortization or depreciation) that has no impairment loss recognized for the assets in previous years.

(20) Loans

1. The amount of the loan at the time of the initial recognition shall be measured at the fair value after deducting the transaction cost, and any difference between the price (after deducting the transaction cost) and the redemption value shall be measured at the amortized cost during the loan period by the effective interest method.

2. Where it is likely that part or all of the lines of credits will be withdrawn, the cost shall be recognized as the transaction cost of the line of credit and shall be deferred until such time as the effective interest rate is adjusted. Where it is unlikely that part or all of the lines of credits will be drawn, such charges are recognized as advances and amortized over the period in which the line is relevant.

(21) Accounts Payable and Notes

Accounts and notes payable refer payment obligations from acquiring goods or labor from vendors in the normal course of business. Accounts and notes payable is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts receivable without interest payment, because of insignificant effect of discounting, they are subsequently measured at the original invoice amount.

(22) Liability Reserve

Liability reserve is a current statutory or constructive obligation arising from a past event. It is likely that resources of economic benefit will be required to discharge the obligation and the amount of the obligation will be recognized when the estimate is reliable. Liability reserve is measured by the best estimated present value of the expenditure required to meet the obligation at the balance sheet date. The discount rate is the pretax discount rate reflecting the current market assessment of the time value of money and the specific risks of liabilities. Discounted amortization is recognized as interest expense. Future operating losses shall not be recognized as liabilities.

(23) Employee Benefits

1. Short-term employee benefits

Short-term employee benefits are measured at undiscounted amount of prospective payment and are recognized as expenses when related services are rendered.

2. Pension

(1) Defined Contribution Plan

For defined contribution plans, the contribution amounts for pension are recognized in the current pension expense when they are due on the accrual basis. Prepaid contributions are recognized as assets to the extent of refundable cash or reduction in future payment.

(2) Defined Benefit Plan

A. The net obligation under the defined benefit plan is calculated by discounting the future benefit amount earned by the employee in the current or past service period and deducting the fair value of the plan assets from the present value of the defined benefit obligation at the balance sheet date. The net obligation to determine benefits is calculated annually by the actuary using the projected unit credit method, and the discount rate is the market yield ratio of government bonds (at the balance sheet date) in the currency and period consistent with the balance sheet date in which the defined benefit plan is determined.

B. The remeasurement generated by the defined benefit plan is recognized as other comprehensive income in the current period and expressed as retained earnings.

C. The pre-service costs related expenses are immediately recognized as profit and loss.

3. Termination Benefits

Termination benefits are provided when the employer terminates the employment of the employee prior to normal retirement or when the employee decides to accept the company's offer of benefits in exchange for the termination of employment. The merged company is no longer able to withdraw the offer of termination benefits or when the earlier relevant restructuring costs are recognized, the expense is recognized. Benefits not expected to be fully settled twelve months after the balance sheet date shall be discounted.

4. Bonus Plan of Employees and Consideration of Directors, and Supervisors

   Bonus plan of employees and consideration of directors, and supervisors are recognized as expenses and liabilities where there is a legal or constructive obligation and the amount is reasonably estimated. If there is any difference between the actual allotment amount and the resolved amount subsequently decided by the board of shareholders, the changes shall be treated as accounting estimates.

(24) Employee Share-Based Payment

A share-based payment agreement with equity settlement is the labor services provided to employees on the basis of the fair value of the equity commodities to which they are entitled, it is recognized as a cost of remuneration during the vesting period and relatively adjusted as an interest. The fair value of an equity commodities shall reflect the impacts of the vesting and non-vesting market conditions. The recognized remuneration costs are adjusted in line with the expected quantity of awards in line with the conditions of service and non-market value vesting, until the final recognized amount is recognized by the vested quantity obtained on the vested date.

(25) Income Tax

1. Income tax expense Income tax is recognized either in the income statement or in equity if it relates to items that are recognized in other comprehensive income or directly in equity.
2. The current income tax of the merged company shall be calculated on the basis of the tax rate which has been legislated or

substantially legislated on the balance sheet date in the country where the operation and taxable income are generated. Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulation and if applicable shall make tax payment to the tax authorities based on the estimated income tax liabilities. The income tax levied on undistributed surplus in accordance with the income tax law shall only be recognized as undistributed surplus income tax expenses in respect of the actual distribution of surplus after the distribution of surplus is approved by the board of shareholders in the following year in which the surplus is generated.

3. The deferred income tax shall be recognized on the basis of the temporary difference between the tax basis of assets and liabilities and the carrying amount of the consolidated Balance Sheet. Deferred tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income was affected at the time of the transaction. In the event of a temporary difference arising from an investment in a subsidiary or affiliated enterprise, the merged company may control the point at which the temporary difference returns and may not recognize the difference if it is unlikely to do so in the foreseeable future.

   Deferred tax is determined using tax rates (and tax laws) enacted or substantively enacted by the balance sheet day and are expected to be used for realizing deferred tax assets or repaying deferred tax liabilities.

4. Deferred tax assets are recognized to the extent when they are highly likely to be used to offset future taxable income, and unrecognized and already recognized deferred income tax assets

should be re-evaluated on each balance sheet day.

5. Recognized current income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the intent is to to settle on a net basis or to realize the asset and settle the liability simultaneously and the net amount has to be stated in the balance sheet. Deferred income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the deferred income tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intend to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The tax preference for equipment or technology acquisition, research and development expenditures and equity investments adopt income tax deduction accounting.

7. The "Income Basic Tax Act" came into force on January 1, 2006. The basis of calculation shall be the amount of taxable income calculated in accordance with the provisions of the Income Tax Law, and the tax deduction or exemption enjoyed by the Income Tax Law and other laws, and the basic tax shall be calculated according to the tax rate prescribed by the Executive Yuan. In comparison with the amount of tax calculated according to the provisions of the Income Tax Law, the higher the base tax is, the income tax of the current year shall be paid. The Company has taken its impact into account in the current income tax.

8. The income tax expense for the interim period shall be calculated on the basis of the average effective tax rate of the estimated year applied to the pretax profit of the interim period.

(26) Income Recognition (accounting policies before January 1, 2018)

The merged company mainly manufactures and sells electronic components related products. Income refers to the fair value of the received or receivable consideration for goods sold by customers outside the merged company in normal business activities, and is expressed by net deduction of VAT, sales returns, quantity discounts and net amount allowances. Commodity sales are recognized when commodity is delivered to the buyer, the amount of sales is reliably measured, and future economic benefits are likely to flow into the business. The delivery of commodities occurs when significant risks and rewards related to the ownership have been transferred to the customer, when the merged company neither participates in the management nor maintains effective control of the commodities, and the customer accepts the commodities according to the sales contract, or when there is objective evidence that all acceptance terms have been met.

(27) Income from Customer Contracts (accounting policies from January 1, 2018)

Income is measured in consideration of the anticipated right to obtain for the commodity transferred, the merged company recognizes income when control of the commodity is transferred to the customer and performance obligations are met.

1. Sales of Commodities

The merged company recognizes income when control of the product is transferred to the customer. The control transfer of the product means that the product has been delivered to the customer and there is no unfulfilled obligation that will affect the customer's acceptance of the product. The delivery customer has accepted the product according to the transaction terms, the date at which the risk of obsolescence and loss has been transferred to the customer and when the merged company has objective evidence that all acceptance conditions have been met.

The merged company shall recognize accounts receivable at the time of delivery of commodities, since the merged company has the right to receive consideration unconditionally at that time.

2. Financial Components

The time between when the merged company expects to transfer the goods to the customer and when the customer pays for the goods is no more than one year. Therefore, the merged company does not adjust the time value of the currency at the transaction price.

3. Customer Contracts Obtaining Cost

The incremental costs incurred by the merged company in obtaining the customer contracts are recognized as expenses at the time of occurrence, although they are expected to be recoverable, but the period of the relevant contracts is less than one year.

(28) Business Combination

1. The merging company adopts the acquisition method to carry on the business combination. The merged consideration shall be calculated on the basis of the fair value of the transferred assets, liabilities incurred or assumed and the equity instruments issued, the consideration transferred includes the fair value of any assets and liabilities arising from the contingent consideration agreement. The acquisition related costs are recognized as expenses when incurred. The identifiable assets and liabilities acquired in the business combination shall be measured at the fair value on the acquisition date. On the basis of individual acquisition transactions, the merged company chooses to measure the non-controlling interest of the acquiree at fair value or at the ratio of the non-controlling interest to the identifiable net assets of the acquiree.

2. The transfer consideration, any non-controlling interest of the acquiree, and the total fair value of any interest previously held by the acquiree at the date of acquisition shall be recognized as goodwill if it exceeds the share of the merged company in the fair value of the identifiable net assets acquired. If the difference is less than the fair value of the identifiable net assets acquired

by the merged company (purchased cheaply), the difference shall be directly recognized as the current profit and loss.

(29) Operating Departments

The merged company's operating department information is reported in a consistent manner with the internal management reports provided to key operations decision makers. The primary operational decision maker is responsible for allocating resources to the operating department and evaluating its performance. The identified primary operational decision maker of the merged company is the board of directors.

(30) Earnings Per Share

The merged company is listed as belonging to the basic and diluted earnings per share of ordinary equity holders of the Company. The basic earnings per share of the merged company shall be calculated by dividing the profits and losses attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding in the current period. The diluted earnings per share are calculated after adjusting for the effect of all potential diluted ordinary shares on the profits and losses attributable to holders of the company's ordinary shares and the weighted average number of outstanding ordinary shares. The potential dilution of ordinary shares of the merged company is to provide employees with executive stock options.

5. Major Sources of Accounting Errors in Judgment, Assumptions and Estimates

In preparing the merged company's consolidated financial statements, the management has used its judgment to determine the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations of future events based on the current situation on the balance sheet date. Accounting estimations and assumptions may be significantly different from the actual results, and therefore, experiences and other factors are continuously evaluated and adjusted.

Uncertainty of material accounting judgments, estimations, and assumptions are described below:

(1) Important Judgments on the Adoption of Accounting Policies

(2) Important Accounting Estimates and Assumptions

The accounting estimates made by the merged company are based on reasonable expectations of future events based on the current situation on a specific date, but the actual results may differ from the estimates. For estimates and assumptions regarding the risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year, please specify the following:

Inventory Valuation

Since inventory must be marked at the lower of cost or net realized value, the merged company must use judgment and estimate to determine the net realizable value of inventory on the balance sheet date. Due to the rapid changes in technology, the merged company evaluates the amount of inventory on the balance sheet date due to normal wear and tear, obsolescence or no market sales value, and reduces the inventory cost to the net realizable value. This inventory assessment is based on an estimate of product demand for a specific period in the future, and may vary significantly.

As at December 31, 2018, the carrying amount of the merged company's inventory is NT$ 25,572,000.

6. Explanation of Important Accounting Items

(1) Cash and Cash Equivalents

	December 31, 2018	December 31, 2017
Cash in Treasury and Revolving Fund	$ 1,111	$ 1,263
Checking Deposits and Demand Deposits	38,220	46,834
	39,331	48,097

Transfer of cash and equivalent cash to the disposal group for presentation on the balance sheet	(320)	(434)
Total	$ 39,011	$ 47,663

1. The credit quality of the financial institutions the merged company deal with is good, and the merged company works with a number of financial institutions to spread credit risk and the probability of an expected default is low. The maximum amount of credit risk exposed on the balance sheet date is the carrying amount of cash and cash equivalents.
2. No condition of pledge was provided for cash and cash equivalents.

(2) Financial Assets Measured at Fair Value Through Other Comprehensive Income: 2018

Item	December 31, 2018
Non-Current Items:	
Equity Instrument	
Non TWSE &TPEx Listed Stocks	$ --

1. The above equity instrument held by the merged company is a long-term strategic investment and is not held for trading purposes. It has been designated to be measured at fair value through other comprehensive income.
2. The above investments were originally classified as financial assets at cost under the IAS39 system. Please refer to Note 3 (1) and 2 for the reclassification.
3. Where there is no pledge of financial assets measured at fair value through other comprehensive income.
4. Please refer to Note 12 (3) for related credit risk information.

(3) Financial Assets Measured at Cost: 2017

Item	December 31, 2017
Domestic Non TWSE &TPEx Listed Stocks	$ --
Foreign Non TWSE &TPEx Listed Stocks	306
Subtotal	306
Minus: Accumulative Impairment	(306)
Total	$ --

Current	$ --
Non-Current	--
Total	$ --

1. The aforesaid stock investments held by the merged company, at the end of the reporting period, are measured on the basis of accumulated impairment losses after cost deductions, since the subject matter is not traded in the active market, the fair value of the subject matter cannot be measured reasonably and reliably, so it is classified as financial asset measured by cost.
2. In August 2017, the merged company disposed of a financial asset investment company measured at cost, Silpak Investment Co. Ltd. The disposal price is NT$ 1,370,000, and the recognized disposal investment interest is NT$ 112,000.
3. On July 27, 2017, the Financial asset investment companies - Hongbang Venture Capital Co. Ltd and Jianbang Venture Capital Company, measured by cost by the Company, were approved by the resolution of the temporary meeting of the shareholders of the company for liquidation, and received a return of NT$ 1,068,000 due to liquidation. Therefore, the cost and accumulated impairment of financial assets as measured by the cost of write-downs were NT$ 4,906,000 and NT$ 4,182,000 respectively, and the recognized impairment benefit was NT$ 344,000.
4. The impairment loss of financial assets recognized by the merged company in 2017 is NT$ 0.
5. Where a financial asset, as measured by cost, is not pledged.

(4) Notes Receivable and Accounts

	December 31, 2018	December 31, 2017
Notes receivable	$ 244	$ 454
Minus: Loss Allowance	--	--
Total	$ 244	$ 454
Account receivables	$ 139,583	$ 184,936
Accounts Receivable - Affiliate	75	--
Minus: Loss Allowance	(63,475)	(94,233)
Minus: Loss Allowance - Affiliate	--	--

Total	$ 76,183	$ 90,703

1. 2018

(1) The average credit period of the merged company for accounts receivable is 120 days, no interest shall be accrued on accounts receivable.

(2) The maximum credit risk exposure of notes receivable and accounts receivable of the merged company as of December 31, 2018 shall be the carrying amount of each class of notes receivable and accounts receivable.

(3) According to the preparation matrix, the loss allowance of notes receivable and accounts receivable of the merged company is as follows:

December 31, 2018	Expected Credit Loss Rate	Total Carrying Amount	Loss Allowance (Duration Expected Credit Losses)	Amortized Cost
Not Overdue	20%	$ 95,940	($ 19,513)	$ 76,427
Less than 1 Month Overdue	100%	1,193	(1,193)	--
1 to 3 Months Overdue	100%	289	(289)	--
3 to 6 Months Overdue	100%	1,343	(1,343)	--
More than 6 Months Overdue	100%	41,137	(41,137)	--
Total		$ 139,902	($ 63,475)	$ 76,427

(4) The changes of loss allowance of accounts receivable are as follows:

	January 1 to December 31, 2017
Balance on January 1, 2018 (IAS39)	$ 94,233
IFRS9 Retrospective Application Adjustment Number	--
Balance on 1st January 2018 (IFRS9)	$ 94,233
Loss Allowance Reversal Number	(2,492)
Money Written off as Uncollectible	(28,431)
Number of Exchange Rate Effects	165
Balance as of December 31, 2018	$ 63,475

The merged company's current reversal and impairment loss of

NT$ 2,492,000 is the loss allowance of accounts receivable assessed by customers with doubts about their creditworthiness based on the possibility of recovery. For the rest, please refer to Notes 9, (1), 2 and 3.

(5) Please refer to Note 12 (3) for related credit risk information.

2. 2017

(1) The merged company's average credit period for commodity sales is 120 days. Accounts receivable are not interest-bearing. In determining the recoverability of accounts receivable and notes receivable, the merged company considers any changes in the credit quality of accounts receivable and notes receivable at the end of the reporting period from the original credit date. The allowance for bad debts is based on aging analysis and customer financial position analysis, which estimates the unrecoverable amount.

(2) The aging information of notes receivable and accounts receivable on December 31, 2017 of the merged company is as follows:

	December 31, 2017
Not Overdue and Not Impaired	$ 91,157
Not Overdue But Impaired	20,745
Overdue Under 180 days	1,150
Overdue 181 to 270 Days	1,102
Overdue Over 271 days	71,236
Total	$ 185,390

(3) Overdue but not impaired of notes receivable and accounts receivable overdue information are as follows:

	December 31, 2017
Under 180 days	$ --
181 to 270 Days	--
Over 271 days	--
Total	$ --

(4) The changes in allowance for bad debts of notes receivable and accounts receivable are as follows:

	Impairment Loss of Individual Assessment	Impairment Loss of Group Assessment	Total
Balance on January 1, 2017	$ 94,460	$ --	$ 94,460
Itemized Impairment Loss	6,512	--	6,512
Write off Unrecoverable Money	(6,418)	--	(6,418)
Number of Exchange Rate Effects	(321)	--	(321)
Balance, December 31, 2017	$ 94,233	$ --	$ 94,233

(5) The maximum credit risk exposure of notes receivable and accounts receivable of the merged company as of December 31, 2017 shall be the carrying amount of notes receivable and accounts receivable.

(5) Other Receivables

	December 31, 2018	December 31, 2017
Other accounts receivable	$ 208,034	$ 208,600
Other accounts receivable from related parties	--	134
Minus: Allowance for Bad Debts	(205,848)	(205,848)
Total	$ 2,186	$ 2,886

For other receivables, please refer to Notes 9, (1), 2 and 3.

(6) Transfer of Financial Assets

The Company has entered into a non-recourse assignment and sale of accounts receivable with Bank SinoPac, and the bank has made an advance purchase of 80% of the net accounts receivable to the Company in accordance with the provisions of the contract. The relevant information is as follows:

December 31, 2015

Assignment Object	Assignment Account Receivables Amount	Derecognising Amount	Limit	Advenced Amount	Balance of Advance Payment	Interest Rate Range of Advanced Amount
Yang Hua	$ 47,691	$ 38,000	$ 38,000	$ 38,000	$ 36,216	1.55%

As of December 31, 2018, there were NT$ 45,691,000 uncollectible assignment account receivables due to financial problems of Yanghua Technology CO LTD; please refer to Notes 9, 1 and 2.

(7) Inventory

	December 31, 2018	December 31, 2017
Raw Materials	$ 13,980	$ 29,414
Work in Progress	6,627	11,454
Finished Good	111,683	137,626
Subtotal	132,290	178,494
Minus: Allowance for Inventory Write-Down and Slow Losses	(106,718)	(140,303)
Net Amount	$ 25,572	$ 38,191

1. Inventory related expense loss recognized in the current period:

	2018	2017
Cost of Inventory Sold	$ 198,751	$ 234,964
Inventory Write-Down and Slow Recovery Profit	(33,010)	(8,857)
Inventory Scrap Loss	33,010	6,162
Inventory Adjustment Credits	--	(32)
Minus: Cost of Sales for Closed Departments	--	--
Total	$ 198,751	$ 232,237

2. As of December 31, 2018, the Company's inventory of LED Wafer and Wafer products totaled NT$ 46,034,000. The Company has assessed the high probability of the transaction of LED Wafer and Wafer products not being completed, and the probability of its resale is very low, therefore, the inventory of this product has been set up to 100% of the allowance for impairment loss in 2016. In addition, the merged company generated rebound benefits of NT$ 33,010,000 and NT$ 8,857,000 respectively due to inventory scrapping in 2018 and sales and scrap inventory in 2016, as well as assessed inventory aging, future economic value and exchange rate changes.
3. No collateral is provided for the above inventory.

(8) Other Financial Assets - Current

	December 31, 2018	December 31, 2017
Pledge Time Deposit	$ 150	$ 150
Restricted Demand Deposit	5,398	9,440

Total	$ 5,548	$ 9,590

For other financial assets pledged, please refer to Note 8.

(9) Non-Current Assets Held for Sale and Closed Units

1. The merged company was approved by the board of directors to liquidate Huizhou Bai Qin Company on July 28, 2016. The assets and liabilities related to Huizhou Bai Qin Company have been rendered as group to be disposed to be sold, which conforms to the definition of units to be closed. The liquidation was not completed as of December 31, 2018.

2. Cash flow information of closed units is as follows:

	2018	2017
Cash Flow from Operating Activities	($ 110)	($ 205)
Cash Flow from Investment Activities	--	--
Cash Flow from Financing Activities	--	--
Number of Exchange Rate Effec	(4)	(3)
Total	($ 114)	$ 208)

3. Assets classified as group to be disposed:

	December 31, 2018	December 31, 2017
Cash and cash equivalents	$ 320	$ 434

4. Liabilities classified as group to be disposed:

	December 31, 2018	December 31, 2017
Other accounts payable	$ 211	$ 229

5. The details of equities directly related to the group to be disposed are as follows:

	December 31, 2018	December 31, 2017
Exchange differences on translation of foreign financial statements	$ 2,006	$ 2,010

6. The analysis of the business operating results of the closed units and the re-evaluation results of the assets or groups to be disposed of are as follows:

	2018	2017
Operating revenue	$ --	$ --

Operating Cost and Expense	(106)	(129)
Total non-operating revenue and expenses	14	32
Net Pretax Loss of Closed Uni	(92)	(97)
Income Tax	--	--
Net After-tax Loss of Close Units	($ 92)	($ 97)
Recognized Net Pretax Profi When Reevaluating the Grc Assets to Be Disposed Of	--	--
Recognized Net Pretax Loss Wh Reevaluating the Group Assets to Be Disposed Of	($ 92)	($ 97)

(10) Investment by Equity Method

Name of Investees	December 31, 2018 Amount	December 31, 2017 Amount
Affiliated Enterprises:		
BULL WILL TRADING(S) PTE LTD.	$ 4,279	$ --

1. The Company made an investment in BULL WILL TRADING(S) PTE ltd. on April 27, 2018 through a resolution of the board of directors, and acquired 70% of the equity by investing NT$ 1,563,800 on June 15, 2011. In addition, BULL WILL TRADING(S) PTE LTD. conducted a cash capital increase on September 7, 2018, and the Company did not subscribe its equity according to the original shareholding ratio, resulting in the shareholding ratio decreased from 70% to 48.95%. Since the Company has no control but has significant influence over BULL WILL TRADING(S) PTE LTD., the Company lists it as investment by equity method. Due to the change of shareholding ratio, the Company lost control and recognized it as disposal investment loss of NT$ 323,000 in 2018.
2. The Company adopts the said investment by equity method, BULL WILL TRADING(S) PTE LTD is based on the evaluation of financial statements audited by other accountants during the same period. From January 1, 2018 to December 31, 2018, the share of the

equities of affiliated enterprises recognized by the equity method is NT$ 1,937,000.

3. The basic information and summarized financial information of the affiliated enterprises of the Group are as follows:

(1) Basic Information

Company name	Primary business venue	% shareholding December 31, 2018	% shareholding December 31, 2017	Nature of Relations	Measure
BULL WILL TRADING(S) PTE LTD.	Singapore	48.95%	--	Affiliated Enterprise	Equity Method

(2) Summarized Financial Information

Balance Sheet

	BULL WILL TRADING(S) PTE LTD. December 31, 2018	BULL WILL TRADING(S) PTE LTD. December 31, 2017
Current asset	$ 12,124	$ --
Non-current assets	--	--
Current liabilities	3,382	--
Non-current liabilities	--	--
Total Net Assets	$ 8,742	$ --

Composite Income Statement

	BULL WILL TRADING(S) PTE LTD. 2018	BULL WILL TRADING(S) PTE LTD. 2017
Income	$ 231,568	$ --
Continuing Operations Net Income	$ 5,501	$ --
Other Comprehensive Profits/Losses (Net After-Tax Amount)	--	--
Current Total Comprehensive Profit and Loss	$ 5,501	$ --
Dividends Received from Affiliated Enterprises	$ --	$ --

(11) Real Estate, Plant and Equipment

	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other	Total
Cost						
Balance on January 1, 2	$ 21,025	$ 1,081	$ 32,919	$ 11,326	$ 27,244	$ 93,595
Added	11	--	--	--	138	149
Disposed	(542)	--	(13)	--	(294)	(849)
Impact of Exchange Rate Changes	(163)	(6)	(69)	(113)	(40)	(391)
Balance, December 31, 2	20,331	1,075	32,837	11,213	27,048	92,504
Added	--	--	114	--	28	142
Impact of Exchange Rate Changes	(353)	(12)	(50)	(247)	(84)	(746)
Balance as of December 2018	$ 19,978	$ 1,063	$ 32,901	$ 10,966	$ 26,992	$ 91,900

	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other	Total
Depreciation and Impairment Losses						
Balance on January 1, 2(	$ 17,716	$ 633	$ 26,158	$ 9,814	$ 25,120	$ 79,441
Current Depreciation	1,267	105	1,367	340	808	3,887
Disposed	(421)	--	(11)	--	(83)	(515)
Impact of Exchange Rate Changes	(138)	(2)	(46)	(99)	(27)	(312)
Balance, December 31, 201	18,424	736	27,468	10,055	25,818	82,501
Current Depreciation	820	103	1,234	314	599	3,070
Impact of Exchange Rate Changes	(320)	(5)	(51)	(226)	(69)	(671)
Balance as of December 31 2018	$ 18,924	$ 834	$ 28,651	$ 10,143	$ 26,348	$ 84,900
Carrying Amount						
December 31, 2017	$ 1,907	$ 339	$ 5,369	$ 1,158	$ 1,230	$ 10,003
December 31, 2018	$ 1,054	$ 229	$ 4,250	$ 823	$ 644	$ 7,000

1. The merged company has conducted impairment assessment on real estate, plant and equipment, and as of December 31, 2018 and 2017, it has not recognized the accumulated impairment.
2. No mortgage collateral is provided for real estate, plant and equipment.

(12) Investment Real Estate

	Land	Houses and Buildings	Total
Cost			
Balance on January 1, 2017	$ 17,103	$ 7,454	$ 24,557
Disposed	--	--	--
Balance, December 31, 2017	17,103	7,454	24.557
Disposed	(900)	(392)	(1,292)
Balance as of December 31, 2018	$ 16,203	$ 7,062	$ 23,265

	Land	Houses and Buildings	Total
Depreciation and Impairment Losses			
Balance on January 1, 2017	$ --	$ 1,933	$ 1,933
Current Depreciation	--	146	146
Balance, December 31, 2017	--	2,079	2,079
Current Depreciation	--	139	139
Current Disposal	--	(110)	(110)
Balance as of December 31, 2018	$ --	$ 2,108	$ 2,108
Carrying Amount			
December 31, 2017	$ 17,103	$ 5,375	$ 22,478
December 31, 2018	$ 16,203	$ 4,954	$ 21,157

1. Rental receipt and direct operating expenses of investment real estate:

	2018	2017
Rental Receipt of Investment Real Estate	$ 718	$ 881
Direct Operating Expenses Incurred in the Current Period for Investment Real Estate with Rental Receipt	$ 292	$ 309

2. The fair value of the investment real estate held by the Company is based on the latest transaction records of the real estate near the location, the total fair value is about NT$ 25,380,000.
3. Please refer to Note 8 for the situation of providing mortgage collateral for investment real estate.

(13) Accounts Payable

	December 31, 2018	December 31, 2017
Accounts payable	$ 36,169	$ 45,181
Accounts Payable - Affiliate	4	--
Total	$ 36,173	$ 45,181

(14) Long-Term Loan

Item	December 31, 2018	December 31, 2017

Collateralized Borrowing - Starting from August 2016, the payment will be made every month as one installment and will be settled in July 2010. Floating interest rate, the interest rate was 2.74% as of December 31, 2018 and 2017.	$ 11,947	$ 32,174
	11,947	32,174
Minus: Part Due Within One Year	(11,947)	(20,227)
Total	$ --	$ 11,947

1. The repayment period of the said loan is as follows:

Year to Maturity	Amount
Due in July 2019	$ 11,947

2. For collateral of the said loans, please refer to Note 8.
3. The amount limit of each bank is not unconditional use of the Company, the final approved loan is subject to the correspondent bank approval.

(15) Pension

Defined contribution plans (DCP)

(1) With effect from July 1, 2005, the Company has, in accordance with the provisions of the "Labor Pension Statutes", contributed 6% of the paid wages to the pension fund for those who choose to work under the ordinance. In 2018 and 2017, respectively, NT$ 1,117,000 and NT$ 1,196,000 were allocated to the individual pension account established by the Bureau of Labor Insurance.

(2) In accordance with the pension system stipulated by the government of the People's Republic of China, the mainland subsidiary shall allocate the pension fund at a certain percentage of the local employees' salary each month. The pension of each employee shall be managed and arranged by the government, and the mainland subsidiary shall have no further obligation except for monthly contribution.

(16) Liability Reserve

	Liability Reserve of Employee Benefits
Balance on January 1, 2017	$ 1,425
Liability Reserve Changes in the Current Period	(214)
Balance, December 31, 2017	1,211
Liability Reserve Changes in the Current Period	(60)
Balance as of December 31, 2018	$ 1,151

Liability reserve is analyzed as follows:

	December 31, 2018	December 31, 2017
Current	$ 1,151	$ 1,211
Non-Current	$ --	$ --

(17) Share-Based Payment

1. The executive stock option warrants issued by the Company were approved by the competent authority on December 19, 2007, May 19, 2011 and May 19, 2015 respectively, with the total amount of 5,396, 6,900 and 6,550 units respectively. The number of executive stock option warrants available for subscription by each employee shall be 1, and the subscription price shall be the closing price of the company's closing price on the day of issue, and it is expected to be delivered by issuing new shares. The subscription conditions are as follows:

   (1) Subscription price:

   A. Approved issuance on 19 December 2007: The original subscription price per share was NT$ 8.8 yuan, as the Company issued new shares on July 31, 2009, October 23, 2010 and June 14, 2010 respectively, and reduced capital on August 17, 2012 to cover losses, therefore, the subscription price per share was adjusted to NT$ 14.2; the capital was increased on October 2, 2017, and was adjusted to NT$ 9.8.

   B. Approved issuance on 19 May 2011: The subscription price per share was NT$ 10; the capital was increased on October 2, 2017, and was adjusted to NT$ 7.1.

C. Approved issuance on 19 May 2015: The subscription price per share was NT$ 13.25.

(2) Period of rights:

A. The cumulative exercisable proportion shall be 50% two years after the expiration of the executive stock option warrants granted to subscribers; and 75% after the expiration of three years; and 100% after the expiration of four years. The duration of stock option warrants issued in 2007, 2011 and 2015 is 10 years, 7 years and 7 years respectively. Stock option warrants and their equities may not be transferred, pledged, given to others or otherwise disposed of, except by successors.

B. The Company shall have the right to withdraw and cancel the stock option warrants which have not yet been exercised by the subscriber, in case of gross negligence such as violation of labor contract or work rules or significant low performance after the Company grants the executive stock option warrants to the subscriber.

As of December 31, 2018, 18,846,000 shares have been issued in the above executive stock option warrants, and 5,761,000 shares were canceled according to the issuance methods upon resignation of the employee, 5,440,000 shares were canceled due to voluntary abandonment of the employee, and 1,514,000 shares became invalid upon expiration of the exercise period. As of December 31, 2018, a cumulative 6,131 shares were converted to ordinary shares, with no outstanding executive stock options.

2. As of December 31, 2018, the following table is a summary of information relating to the number of remunerative executive stock option warrant schemes issued and subscription price:

Date of Issue of Stock Option Warrant	Total Issuing Units (1,000 shares)	Total Outstanding Units (1,000 shares)	Shares for Subscription (1,000 shares)	Date of Exercise of the Stock Option	Deadline for Stock Option	Subscription Price (NT$) (Note 1)	Current Ordinary Share Market Price	
							Highest	Lowest
Dec 20 2007	5,396	--	--	Dec 20 2009	Dec 19 2017	9.80	4.48	1.94
May 24 2011	6,900	--	--	May 24 2013	May 23 2018	7.10	4.48	1.94
May 19 2015	6,550	--	--	May 19 2017	May 18 2022	13.25	4.48	1.94

(Note 1) In the event of any change in the ordinary shares of the Company after the issuance of the executive stock option warrants, the stock option price shall be adjusted according to the issuance and stock option method of the executive stock option warrants.

(1) Information on stock option warrants issued on 19 December 2007 is as follows:

	January 1 to December 31, 2017	
	Unit (1,000)	Exercise Price (NT$)
Opening Balance	129	$ 9.8
Current Issuance	--	
Expired Upon Termination	--	
Current Expiration	(129)	
Current Conversion	--	
Ending Balance	--	

The exercise price of the executive stock option warrants issued in 2007 is equal to the daily market price of each share, so the remuneration cost listed in 2017 is NT$ 0, which expired on December 19, 2017.

(2) Information on stock option warrants issued on 19 May 2011 is as follows:

	January 1 to December 31, 2018		January 1 to December 31, 2017	
	Unit (1,000)	Exercise Price (NT$)	Unit (1,000)	Exercise Price (NT$)
Opening Balance	1,423	$ --	1,473	$ 7.1

Current Issuance	--	--
Expired Upon Termination	(38)	(50)
Current Expiration	(1,385)	
Current Conversion	--	--
Ending Balance	--	1,423

The recognized remuneration cost in 2018 and 2017 were both NT$ 0 from the issuing of executive stock option warrants in 2011. As of December 31, 2018 and 2017, the capital reserve balance due to the stock option warrants was NT$ 7,965,000, which expired during the exercise period on May 24, 2018.

3. The evaluation methods and assumptions of stock option warrants issued on May 19, 2011 are as follows:

		May 19, 2011 Issued Stock Option Warrants
Evaluation Model	Black-Scholes Option Evaluati Model	
Assumption	Expected Rate of Dividend	0%
	Volatility	34.44%
	Risk-Free Interest Rate	1.13%
	Expected Duration (From the D of Issuance)	1.54

(18) Share Capital

1. On January 1, 2017, the Company had a rated capital of NT$ 2,050,000,000, a paid-in capital of NT$ 729,364,000, and a face value of NT$ 10 per share. The actual number of shares issued was 72,936,000, all of which are ordinary shares.

Upon the resolution of the board of directors on July 13, 2017, in accordance with the provisions of Article 43-6 of the Securities and Exchange Act, the Company issued 38,400,000 new shares by private offering with a face value of NT$ 10 per share at a discount of NT$ 1.5. The total amount of the private offering is NT$ 57,600,000, and the Company has completed the registration of change.

As of December 31, 2018, the Company had a rated capital of NT$ 2,050,000,000, a paid-in capital of NT$ 1,113,364,000, and a face value of NT$ 10 per share. The actual number of shares issued was 111,336,000, all of which are ordinary shares.

2. Please refer to Note 6 (17) for information on issuance of executive stock option warrants.
3. The number of outstanding shares at the beginning and end of the ordinary shares of the Company is adjusted as follows:

	2018	2017
Balance as of January 1	111,336,000 shares	72,936,000 shares
Increment of Cash - Private Offering	--	38,400,000 shares
Balance as of December 31	111,336,000 shares	111,336,000 shares

(19) Capital Surplus

	December 31, 2018	December 31, 2017
Ordinary Share Premium	$ 35,341	$ 35,341
Recognized Consideration Cost of Executive Stock Option	7,965	7,965
	$ 43,306	$ 43,306

According to the provisions of the Company Act, except for excess proceeds (this includes the premium on the share capital issued in excess of face value, the premium on the share capital issued in connection with the merger, the difference in the conversion of convertible corporate bonds, and the trading profit of treasury stocks, etc.) from the issuance of shares in excess of face value and the capital reserve generated from receiving the gift, which can be used to replenish the capital and pay cash dividends, the rest shall only be used to cover the company's losses and shall not be used for other purposes.

(20) Retained Earnings

1. Legal reserve

According to the Company Act, 10% of the after-tax earnings of the company after deducting the losses of the previous year shall be set aside as the legal surplus reserve before distribution until the legal surplus reserves are equal to the total capital. The legal surplus reserve may be used to cover losses in accordance with the law, provided that the provision of the reserve has reached 25% of the paid-in capital, the board of shareholders may decide to issue new shares or cash dividends within the excess.

2. Special Surplus Reserve

In accordance with the regulations of the securities regulatory authority, if the Company has other deductions such as the conversion difference in the financial statements of foreign operating organizations, unrealized gains and losses of financial assets for sale and other equities, before allocating the surplus, it shall first set aside the special surplus reserve of the same amount within the following limits:

(1) For the amount incurred in the current year in other deductions of equities, the special surplus reserve shall not exceed the sum of the after-tax surplus of the current year plus the accumulated undistributed surplus of the previous year.

(2) The amount incurred in the preceding year in other deductions of equity shall not exceed the balance of accumulated undistributed earnings of the preceding year after (1) has been deducted.

(3) If there is a reversal of other deductions, the surplus may be partially distributed.

3. Surplus Distribution

If there is net profit after tax of the current period in the Company's annual general accounts, the accumulated losses (including the adjustment of undistributed surplus amount) shall be made up first, and 10% shall be contributed as the legal surplus reserve according to law; except when the legal surplus accumulated has reached the total paid-in capital of the Company. Secondly, special reserve should be allocated or reversed according to laws, regulations, or the competent authority's stipulation. For the remaining earnings, together with the Undistributed earnings at the beginning of the period (including the adjusting the non-distributed amount of earnings), the Board of Directors shall propose earnings distribution at the shareholders' meeting to have the resolution of dividends and bonuses distribution among shareholders approved.

4. Dividend Policy

The dividend policy of the Company is based on the current and future development plan, considering the investment environment, capital needs and foreign competition conditions, and considering the equities of shareholders and other factors, so as to allocate no less than 30% of the distributable surplus to shareholders every year. However, if the accumulated distributable surplus is not less than 10% of the paid-in share capital, it may not be distributed. Dividends may be paid in cash or shares to shareholders, in which the cash dividend shall not be less than 50% of the total dividend.

5. Please refer to Note 6 (27) for information on remuneration of staff and remuneration of directors and supervisors.

(21) Other Equity Items

	Exchange differences on translation of foreign financial statements	Equities Directly Related to Groups to Be Disposed Of	Unrealized Valuation of Financial Assets (Losses) and Profits Measured at Fair Value Through Other Comprehensive Income	Total
January 1, 2017	$ 1,879	$ 2,013	--	$ 3,892
Number of Differences of Foreign Currency Conversion - Affiliated Enterprises	3,937	(3)	--	3,934
Income Tax Effects	(669)	--	--	(669)
December 31, 2017	5,147	2,010	--	7,157
Number of Differences of Foreign Currency Conversion - Affiliated Enterprises	(61)	(4)	--	(65)
Income Tax Effects	(82)	--	--	(82)
Evaluation Adjustment Transferred out to Retained Earnings	--	--	(306)	(306)
December 31, 2018	$ 5,004	$ 2,006	($ 306)	$ 6,704

(22) Non-Controlling Equity

	2018	2017
Balance as of January 1	($ 15,107)	($ 12,700)
Shares Attributable to Non-Controlling Equity		
Current net losses	426	(3,520)
Other Comprehensive Profit and Loss	(940)	1,113
December 31	($ 15,621)	($ 15,107)

(23) Operating Income

	2018	2017
Electronic Component Income	$ 245,875	$ 284,798
Television Income	--	2,156

	2018	2017
Total	$ 245,875	$ 286,954

(24) Other Income

	2018	2017
Interest income	$ 153	$ 149
Rental Income	1,261	1,428
Other Income - Others	4,744	3,131
	6,158	4,708
Minus: Other Income of Closed Units	(14)	(32)
Total	$ 6,144	$ 4,676

(25) Other Profits and Losses

	2018	2017
Disposition of Profits in Real Estate, Plant and Equipment	$ --	$ 52
Disposition of Profits in Real Estate Investment	108	--
Disposition of Profits (Losses) in Investment	(323)	112
Financial Assets Impairment of the Reversal of Profits	--	344
Net Foreign Exchange Profit (Loss)	2,678	(10,593)
Miscellaneous Expenditure	(152)	(345)
Total	$ 2,311	($ 10,430)

(26) Additional Description of Cost and Nature of Expenses

	2018			2017		
	Under Operating Cost	Under Operating Expenses	Total	Under Operating Cost	Under Operating Expenses	Total
Employee benefit expense	$ 23,704	$ 43,769	$ 67,473	$ 25,217	$ 46,373	$ 71,590
Depreciation	718	2,490	3,208	1,094	2,939	4,033
Amortization Expense	--	--	--	--	--	--

(27) Employee Benefits Expenses

	2018	2017
Salary Expenses	$ 60,308	$ 63,278
Labor and Health Insurance Expenses	4,964	5,888
Pension Expenses	1,117	1,196
Other Employment Expenses	1,084	1,228
	67,473	71,590

	2018	2017
Minus: Employee Benefits Expenses of Closed Units	(47)	(47)
Total	$ 67,426	$ 71,543

1. If the company makes profits in the current year, it shall allocate no less than 5% of the consideration for employees and no more than 3% of the consideration for directors and supervisors. However, if the company has accumulated deficiency, it shall reserve the amount of compensation in advance. The said employee compensation can be paid in the form of stock or cash, and the recipient of the payment include employees of the subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned Directors/Supervisors can only be paid in the form of cash.
2. The estimated amount of employee remuneration and supervisor remuneration of the Company in 2018 and 2017 is NT$ 0, which is based on the profit status up to the current period.
   The number of shares to be paid as dividends is calculated on the basis of the closing price of the day before the board's decision and the effect of ex-rights. However, if there is any difference between the actual allotment amount and the estimated amount as determined by the board of shareholders later, it will be listed as the profit and loss of the next year.
3. Information about the decisions of the board of directors of the Company and the remuneration of employees and directors approved by the board of shareholders can be found on the Market Observation Post System.

(28) Financial Cost

	2018	2017
Interest Expense:		
Bank Loan	$ 1,426	$ 2,270
Affiliate Loans	--	737
Financial cost	$ 1,426	$ 3,007

(29) Income Tax on Continuing Operations:

1. Income Tax Expense

(1) Main Income tax expense components:

	2018	2017
Current Income Tax Expense of Parent Company	$ --	$ --
Current Income Tax Expense of Subsidiary	467	181
Deferred Income Tax Expense Related to the Original Generation and Return of Temporary Differences	5,942	20,055
Deferred Income Tax Related to the Original Generation and Return of Levy Losses	(4,512)	2,889
Income tax expenses	$ 1,897	$ 23,125

(2) Income tax expense (profit) related to other comprehensive profit or loss components:

	2018	2017
Exchange differences on translation of foreign financial statements	($ 82)	$ 669

2. Adjustment between income tax expense and accounting gains:

	2018	2017
Accounting Gains	($ 18,611)	($ 35,992)
Tax Calculated at the Applicable Tax Rate	(3,722)	(6,119)
Effects of Tax Rate Differences in Foreign Jurisdictions	270	732
Effects of income tax adjustment items:		
Permanent Difference	3,040	272
Changes in Tax Losses on Deferred Tax Assets Not Recognized	3,968	4,643
Changes of Temporary Differences Not Recognized	(1,659)	23,597
Income tax expenses	$ 1,897	$ 23,125

3. Details of deferred income tax assets are as follows:

2018	Balance on January 1	Recognized as Gain or Loss	Recognized in Other Composite Income	December 31 Balance
Deferred tax assets				
Unrealized Exchange Profit/Loss	$ 1,268	($ 1,248)	$ --	$ 20
Account receivables	17,669	5,577	--	23,246
Inventories	16,853	(5,466)	--	11,387
Financial Assets Measured at Fair Value Through Other Comprehensive Income	52	9	--	61
Exchange differences on translation of foreign financial statements	(1,528)	(302)	82	(1,748)
Total Deferred Income Tax Assets	$ 34,314	($ 1,430)	$ 82	$ 32,966

2017	Balance on January 1	Recognized as Gain or Loss	Recognized in Other Composite Income	December 31 Balance
Deferred tax assets				
Unrealized Exchange Profit/Loss	($ 198)	$ 1,466	$ --	$ 1,268
Account receivables	50,149	(32,480)	--	17,669
Inventories	8,072	8,781	--	16,853
Financial Assets Carried at Cost	763	(711)	--	52
Exchange differences on translation of foreign financial statements	(859)	--	(669)	(1,528)
Total Deferred Income Tax Assets	$ 57,927	($ 22,944)	($ 669)	$ 34,314

The merged company recognized NT$ 32,966,000 deferred tax assets as of December 31, 2018 due to the management's belief that it is likely to generate sufficient tax income in the future. The management assesses that the electronic components industry will recover and the subsidiaries and the operation of the investees will become more stable. Therefore, the management shall identify the income tax assets of such amount in the appraisal.

4. Items of deferred income tax assets not recognized in the balance sheet:

Deficiency Deduction	December 31, 2018	December 31, 2017
Less than One Year	$ --	$ 1,396
More than One Year but Less than Five Years	6,679	5,677
More than Five Years	12,130	6,922
	$ 18,809	$ 13,995

	December 31, 2018	December 31, 2017
Deductible Temporary Differences		
Investments accounted for using the equity method	$ 89,369	$ 73,034
Slow Inventory and Write-Down Loss	4,797	2,949
Account receivables	34,868	31,410
Investment Loss Disposed	65	--
	$ 129,099	$ 107,393

5. As of December 31, 2018, the deferred income tax assets that the Company may use to offset the payable income tax in subsequent years are deficiency losses, which are summarized as follows:

Year to Maturity	Deficiency Deduction
2021	$ 6,679
2126	2,681
2127	5,481
2128	3,968
Total	$ 18,809

6. In accordance with the revised provisions of the Income Tax Law announced on February 7, 2018, the Company shall change the applicable business income tax rate from 17% to 20% and the additional business income tax rate on the undistributed surplus from 10% to 5% from 2018.

7. The Company's business income tax has been approved by the Revenue

Service Offices until 2017.

(30) Earnings Per Share

	2018		
	Post-Tax Amount	Weighted Average Number of Outstanding Shares (1,000 shares)	Loss per Share (NT$)
Basic Earnings Per Share			
Net Loss Attributable to the Continuing Business Units of the Ordinary Shareholders of the Parent Company	($ 20,934)	111,336	($ 0.19)
Current Net Loss of Closed Units	(92)	111,336	--
Current Net Loss Attributable to Ordinary Shareholders of Parent Company	($ 21,026)	111,336	($ 0.19)

Diluted Earnings Per Share

No such situation.

	2017		
	Post-Tax Amount	Weighted Average Number of Outstanding Shares (1,000 shares)	Loss per Share (NT$)
Basic Earnings Per Share			
Net Loss Attributable to the Continuing Business Units of the Ordinary Shareholders of the Parent Company	($ 55,597)	82,405	($ 0.68)
Current Net Profit of Closed Units	(97)	82,405	--
Current Net Loss Attributable to Ordinary Shareholders of Parent Company	($ 55,694)	82,405	($ 0.68)

Diluted Earnings Per Share

No such situation.

(31) Enterprise Disposition

The merged company sold its 10% equity in the Saimanibo Investment CO LTD through Serial Investment CO LTD in August 2017. The disposition price was NT$ 1,370,000, and the recognized disposition interest was NT$ 112,000.

(32) Operating Lease

The merged company leases offices, warehouses and company vehicles to meet operational requirements. The tenancies range from one to five years. The minimum rental payments payable in future years are as follows:

	December 31, 2018	December 31, 2017
Less than One Year	$ 2,773	$ 355
More than One Year but Less than Five Years	2,661	240
More than Five Years	--	--
	$ 5,334	$ 595

7. Affiliate Transaction

The amount and balance of transactions between the Company and its subsidiaries have been written off at the time of the preparation of the consolidated financial statements and are not disclosed in this note. The transaction details of the merged company and other related parties are disclosed as follows:

(1) Name and Relationship of Affiliates

Name of Affiliates	Relationship with the Merged Company

Serial System LTD (Serial System)	A Company That Adopts the Equity Method to Evaluate a Merged Company
Serial System CO LTD (Serial System)	Company Also Controlled by Serial System
Serial Investment CO LTD (Serial Investment)	Company Also Controlled by Serial System
Serial System (Hong Kong) LTD (Serial System (HK))	Company Also Controlled by Serial System
Serial System (Singapore) LTD (Serial System Singapore)	Company Also Controlled by Serial System
Serial International LTD (Serial International)	Company Also Controlled by Serial System
SCE ENTERPRISE PTE LTD (SCE)	Company Also Controlled by Serial System

(2) Major Transactions with Affiliates

1. Sales

	2018	2017
Affiliated Enterprise	$ 120	$ 55

The sale price and credit conditions of the merged company's sales to affiliates are comparable to those of ordinary transactions.

2. Purchases

	2018	2017
Affiliated Enterprise	$ 86	$ 997

There is no material difference in terms of payment for purchases made by the merged company to affiliates.

3. Rental Income

	2018	2017
Serial System (Hong Kong)	$ 542	$ 547

Serial Hong Kong leases the office from the Company, subject to receive payment at the end of the month.

4. Rental Expenditure

	2018	2017
Serial Investment	$ 2,151	$ 2,151

The Company invests and leases the Taipei office from Serial Investment, subject to make monthly payment on 6th day.

5. Interest Expense

	2018	2017
Serial System	$ --	$ 392
Serial Singapore	--	345
Serial International	245	--
	$ 245	$ 737

6. Labor Expense

	2018	2017
SCE	$ 900	$ --

7. Accounts Receivable

	December 31, 2018	December 31, 2017
Serial Singapore	$ 75	$ --

8. Other Receivables

	December 31, 2018	December 31, 2017
Serial System (Hong Kong)	$ --	$ 134

9. Payment on Behalf of Others

	December 31, 2018	December 31, 2017
Affiliated Enterprise	$ --	$ 271

10. Refundable Deposits

	December 31, 2018	December 31, 2017
Serial Investment	$ 358	$ 358

11. Accounts Payable

	December 31, 2018	December 31, 2017
Affiliated Enterprise	$ 4	$ --

12. Other Payables

	December 31, 2018	December 31, 2017
Affiliated Enterprise	$ 188	$ 154

(3) Key Management Remuneration Information

	2018	2017
Salary and Other Short-Term Employee Benefits	$ 7,356	$ 8,714
Termination Benefits	--	--
Benefits After Retirement	217	273
Other Long-Term Benefits	--	--

Share-Based Payment	--	--
Total	$ 7,573	$ 8,987

8. Pledged Asset

The details of the merged Company's assets collaterals are as follows:

		Book Value	
Asset Items	Collateral Purpose	December 31, 2018	December 31, 2017
Other financial assets - current	Long - and Short-Term Warranty Loan	$ 5,398	$ 9,440
Other financial assets - current	Credit Purchases for Fuel	100	100
Other financial assets - current	Import Goods Released Before Tax	50	50
Real Estate Investment			
Land	Long - and Short-Term Warranty Loan	16,203	17,103
Houses and Buildings	Long - and Short-Term Warranty Loan	4,954	5,375
Total		$ 26,705	$ 32,068

9. Material Commitment Events and Contingent Events

(1) Contingent Events

1. The former Chairman of the Board of the Company, I-Chin Ho, has been charged by the Taiwan New Taipei District Prosecutors Office for his involvement in the Yang Hua case, and now it has entered the substantive trial stage. The Company began to deal with the transaction related to this case in 2013, and the details of transaction amount and ending balance over the years are disclosed as follows:

	2015	2014	2013
Sale Income	$ 447,986	$ 605,073	$ 133,282
Sales Cost	(426,402)	(567,614)	(125,286)
Sales Gross Margin	$ 21,584	$ 37,459	$ 7,996

December 31, 2015	December 31, 2014	December 31, 2013

Accounts Receivable (Including Other Receivables)	$ 235,054	$ 239,367	$ 139,947
Minus: Allowance for Bad Debts	(61,855)	--	--
	$ 173,199	$ 239,367	$ 139,947
Inventories	$ 46,234	$ --	$ --
Minus: Allowance for Inventory Write-Down Losses	(30,052)	--	--
	$ 16,182	$ --	$ --

The above accounts receivable (including other receivables) and inventories have been fully itemized as losses as of March 31, 2016.

2. Due to the credit problem of Yang Hua Technology CO LTD (Yang Hua), the Company applied to Tokio Marine Newa Insurance CO LTD (insurance company) for the claim payment of trade credit insurance on January 30, 2016. The total amount of overdue accounts of the Company in 2015 was NT$ 183,403,000, among which the insurance company shall settle 90% of the accounts, which is NT$ 165,063,000, which shall be credited to other receivables. Since the insurance company has not defined the settlement plan and settlement time, the Company applied for arbitration to The Chinese Arbitration Association on July 12, 2017, and the arbitration will be conducted after the arbitrator is selected or appointed. However, on the basis of the principle of robustness, the total amount of claims receivable shall be set aside for allowance for bad debts and shall be reversed after the claims are determined to be available.

   In addition, there was NT$ 45,691,000 of accounts receivable of Yang Hua which has not been recovered from the non-recourse assignment of accounts receivable signed with Bank SinoPac, of which the Company advanced NT$ 36,216,000 to Bank SinoPac, which is listed under other accounts payable; other receivables are insurance claims of NT$ 40,785,000, which have been fully set aside for allowance for bad debts first. The Company obtained the warrant of creditor's right of Yang Hua Technology CO LTD on January 23, 2019.

3. The litigation case of payment settlement for goods between the Company and OTE Power Corp. The Company won the first instance on June 6, 2018, and OTE Power Corp filed an appeal on June 14, 2018. As on December 31, 2018, the Company's accounts receivable totaled NT$ 13,750,000, with 100% allowance for bad debts.

4. On February 17, 2017, the Securities and Futures Investors Protection Center filed a lawsuit against the Company and the relevant persons for the amount of NT$ 113,710,000 in accordance with the provisions of the Securities Investors and Futures Traders Protection Law against the former person in charge of the Company I-Chin Ho and other persons for allegedly violating the Securities and Exchange Act and other matters. The Company has previously purchased liability insurance in accordance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies with a coverage of US$ 5,000,000. The Company has appointed a lawyer to handle the relevant litigation matters, and the court is currently hearing.

(2) Commitment Events

1. Operating Lease Agreement

   Please refer to Note 6 (32).

2. As of December 31, 2018, the Company provides a certificate of deposit for customs to guarantee the payment of import goods before tax. The amount is NT$ 50,000.

10. Material Disaster Losses: No such incident.

11. Material Subsequent Events: No such incident.

12. Others

(1) On March 30,2018, the Company's board of directors resolved to introduce strategic partners, invest in or acquire new businesses in order to expand the

operation scale, ensure the long-term operation of the company, increase the working capital of the company, repay the loan, save the interest expense, and improve the financial structure, so as to reduce the financial operation risk of the company. By measuring the current capital market situation and the timeliness of raising funds and other factors, it is proposed to raise funds by private offering in accordance with Article 43-6 of the Securities and Exchange Act. The private offering will issue new shares with a face value of NT$ 10 per share, with the total number of shares issued not exceeding 61,700,000 shares, and authorize the board of directors to issue new shares in batches within one year.

(2) Capital Risk Management

The objective of the merged company's capital management is to ensure that the merged company can continue to operate, maintain the optimal capital structure to reduce capital costs and provide remuneration to shareholders. To maintain or adjust capital structure, the merged company may adjust the amount of dividends paid to shareholders, return capital bonus to shareholders, issue new shares or sell assets to reduce debt. The merged company will monitor its capital by regularly reviewing the ratio of liabilities to assets. The capital of the merged company is the "total equity" shown in the balance sheet, which is equal to the total assets minus the total liabilities. As of December 31, 2018 and 2017, the merged company's liability/asset ratios are as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 99,180	$ 128,841
Total assets	$ 216,104	$ 267,452
Liability-to-Capital Ratio	46%	48%

(3) Financial Risk of Financial Instruments

1. Categories of Financial Instrument

	December 31, 2018	December 31, 2017
Financial Assets		
Financial Assets Measured at Fair Value Through Other Comprehensive Income		
Select the Designated Equity Instrument Investment	$ --	$ --
Available-for-Sale Financial Assets		
Financial Assets Carried at Cost	$ --	$ --
Financial Assets Measured at Amortized Cost/		
Loans and Receivables		
Cash and cash equivalents	$ 39,011	$ 47,663
Notes receivable	244	454
Account receivables	76,183	90,703
Other accounts receivable	2,186	2,886
Other Financial Assets	5,548	9,590
Guarantee deposits paid	903	1,574
	$ 124,075	$ 152,870
Financial Liabilities		
Financial Liabilities Measured at Amortized Cost		
Short-term borrowings	$ --	$ --
Accounts payable	36,173	45,181
Other accounts payable	48,404	48,296
Long-term Loans (Including Long-term Liabilities Due Within One Year)	11,947	32,174
Guarantee deposits received	--	--
	$ 96,524	$ 125,651

2. Financial Risk Management Objectives and Policies

The main financial instruments of the merged company include equity investments, notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, bank loans, accounts payable and other payables.

The financial risk management objectives of the merged company are mainly to manage market risks, credit risks and liquidity risks related to operational activities, and to identify, measure and manage such risks according to policies and risk preferences.

The merged company has established appropriate policies, procedures and internal controls for financial risk management in accordance with the relevant standards, and the important financial activities shall be reviewed by the board of directors in accordance with the relevant standards and internal control system.

During the implementation of the financial management activities, the merged company shall strictly comply with the relevant provisions of financial risk management.

In order to reduce and manage related financial risks, the merged company is committed to analyzing, identifying and evaluating the possible adverse effects of related financial risk factors on the financial of the merged company, and proposing relevant solutions to avoid the adverse factors arising from financial risks.

(1) Market risk

The market risk of the merged company is the risk that the fair value or cash flow of the financial instrument may fluctuate due to the change of the market price. Market risk mainly includes exchange rate risk, interest rate risk and other price risks. In practice, it is rare for a single risk variable to change independently, and the changes of each risk variable are usually correlated. However, the following risk sensitivity analysis does not consider the interaction of related risk variables.

A. Currency Risk

The exchange rate risk of the merged company is mainly related to business activities (the currency used for income or expenses is different from the functional currency of the merged company) and the net investment of foreign operating institutions.

The foreign currency receivable of the merged company is the same as part of the foreign currency payable, and a considerable part of the position will produce a natural hedging effect. This natural hedging method does not comply with the provisions of hedge accounting, so it does not adopt hedge accounting

The exchange rate risk of the merged company mainly comes from cash, accounts receivable, accounts receivable – affiliate net amount, other receivables, other receivables – affiliate, bank loan, accounts payable and other payables denominated in foreign currencies, which generate foreign currency conversion profits at the time of conversion.

The unrealized conversion profits and losses of the monetary items of the merged company due to the significant impact of exchange rate fluctuations are explained as follows:

2018

	Foreign Currency ($1,000)	Exchange Rate	Unrealized Exchange Profit (Loss) (NTD)
Financial Assets			
Monetary Items			
USD : NTD	$ 3,323	30.7200	($ 41)
Singapore : NTD	1	22.5000	(1)
HKD : NTD	489	3.9240	2
RMB : NTD	5,500	4.4730	--
KRW : NTD	55	0.0297	--
Financial Liabilities			
Monetary Items			
USD : NTD	420	30.7200	50
RMB : NTD	2,307	4.4730	1
HKD : NTD	186	3.9240	--

2017

	Foreign Currency ($1,000)	Exchange Rate	Unrealized Exchange Profit (Loss) (NTD)
Financial Assets			

Monetary Items			
USD : NTD	$ 3,218	29.7800	($ 1,018)
Singapore : NTD	1	22.3100	(1)
HKD : NTD	41	3.8150	(6)
RMB : NTD	118	4.5730	--
KRW : NTD	55	0.0281	--
USD : HKD	153	7.8060	9
RMB : HKD	24	1.1987	2
Financial Liabilities			
Monetary Items			
USD : NTD	651	29.7800	247
RMB : NTD	64	4.5730	1
HKD : NTD	350	3.8150	27

The sensitivity analysis of the merged company's exchange rate risk mainly focuses on the impact of the foreign currency appreciation/depreciation on the Company's profits, losses and equities on the major foreign currency monetary items at the end of the financial reporting period.

The sensitivity analysis is based on the assets and liabilities of the merged company in non-functional currencies with significant exposure to exchange rate fluctuations on the balance sheet date. The relevant information is as follows:

December 31, 2018

				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Amount (NTD)	Fluctuation Amplitude	Effect from Profit and Loss	Other Comprehensive Profit and Loss Effects
Financial Ass						
Monetary Ite						
USD	$ 3,323	30.7200	$ 102,083	5%	$ 5,104	$ --
HKD	489	3.9240	1,919	5%	96	--
RMB	5,500	4.4730	24,602	5%	1,230	--
KRW	55	0.0277	2	5%	--	--
SGD	1	22.5000	23	5%	1	--
Financial						
Monetary Ite						
USD	420	30.7200	12,902	5%	645	--
RMB	2,307	4.4730	10,317	5%	516	--
HKD	186	3.9240	730	5%	36	--

December 31, 2017						
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Amount (NTD)	Fluctuation Amplitude	Effect from Profit and Loss	Other Comprehensive Profit and Loss Effects
Financial Ass						
Monetary Ite						
USD	$ 3,371	29.7800	$ 100,388	5%	$ 5,019	$
HKD	41	3.8150	156	5%	8	--
RMB	2,168	4.5730	9,914	5%	496	--
KRW	55	0.0281	2	5%	--	--
SGD	1	22.3100	22	5%	--	--
Financial						
Monetary Ite						
USD	651	29.7800	19,387	5%	969	--
RMB	2,315	4.5730	10,586	5%	529	--
HKD	350	3.8150	1,335	5%	67	--

B. Interest Rate Risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market interest rates. The interest rate risk of the merged company mainly comes from floating rate loans. The merged company manages interest rate risk by maintaining an appropriate floating rate portfolio. The merged company regularly assesses risk aversion in line with interest rate views and established risk preference to ensure the most cost-effective risk aversion strategy is adopted.

The interest rate exposure of the financial assets and financial liabilities of the merged company is indicated in the liquidity risk in this note.

The sensitivity analysis is based on the interest rate exposure of the instrument at the end of the reporting period.

For floating rate liabilities, the analysis assumes that the outstanding amount of liabilities at the end of the reporting period is outstanding throughout the year. The rate of change used by the merged company to report the interest rate to the principal management is 1% increase or decrease of the interest rate, which also represents the management's assessment of the reasonable range of possible changes in the interest rate.

If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the net losses of the merged company on December 31, 2018 and 2017 will increase or decrease by NT$ 119,000 and NT$ 322,000, mainly due to the variable interest rate loans of the merged company.

(2) Credit Risk

Credit risk refers to the risk that the trading counterparty fails to fulfill its obligations contained in the contract and causes financial loss. The credit risk of the merged company is caused by business activities (mainly notes receivable and accounts) and financial activities (mainly bank deposits and various financial instruments).

All units of the merged company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all trading counterparties is based on the financial position of the trading counterparty, the rating of the credit rating agency, the previous trading experience, the current economic environment and the internal rating criteria of the merged company.

The receivables of the merged company mainly refer to the payment for sales goods to be received from customers. According to the past collection experience of customers, the management of the merged company evaluates that there is no significant credit risk.

The finance department of the merged company shall manage the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the merged company policy. There is no significant credit risk due to the fact that the merged company's trading object is determined by internal regulatory procedures and is a bank with good credit standing and investment grade financial institutions, corporate organizations and government agencies.

(3) Liquidity risk

Liquidity risk refers to the risk that the merged company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations.

The merged company manages and maintains sufficient positional cash and equivalent cash to support the operations of the combined company and mitigate the impact of cash flow fluctuations. The management of the merged company supervises the use of the bank's financing line and ensures compliance with the terms of the loan agreement.

Bank loan is an important source of liquidity for the merged company. As of 2018 and December 31, 2016, the merged company has no untapped bank financing limit.

Liquidity and Interest Rate Risk Statement

The following table details the maturity analysis of the remaining non-derivative financial liabilities during the agreed repayment period of the merged company. It is based on the earliest date on which the merged company may be required to repay and is based on the undiscounted cash flow of financial liabilities, including interest paid at variable rates and cash flow of principal, without taking into account the probability that the bank may exercise its right to demand immediate repayment from the merged company.

December 31, 2018				
Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total

Non-Derivative Financial Liabilities					
Accounts Payable (Includin Affiliate)	$ 36,173	$ --	$ --	$ --	$ 36,173
Other Payables (Including Affiliate)	48,404	--	--	--	48,404
Long-Term Loan (Including Expiration Within One Year	12,056	--	--	--	12,056
	$ 96,633	$ --	$ --	$ --	$ 96,633

	December 31, 2017				
	Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total
Non-Derivative Financial Liabilities					
Accounts Payable (Includin Affiliate)	$ 45,181	$ --	$ --	$ --	$ 45,181
Other Payables (Including Affiliate)	48,296	--	--	--	48,296
Long-Term Loan (Including Expiration Within One Year	20,856	12,050	--	--	32,906
	$ 114,333	$ 12,050	$ --	$ --	$ 126,383

The aforementioned amount of the floating rate instrument for the non-derivative liabilities is subject to change as the floating rate differs from the estimated interest rate at the end of the reporting period.

(4) Information of Fair Value

1. The levels of assessment techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: The input value of this level is the public quotation of the same asset or liability in the active market (without adjustment). Active markets refer to markets that meet all the following conditions: The commodities traded in the market are homogeneous; willing buyers and sellers are readily available in the market and price information is available to the general public. Including the fair value of the TWSE &TPEx listed stock investment and the beneficiary certificate of the combined company.

Level 2: The input values of this level include observable prices other than those contained in the first level public quotation, including observable input values obtained directly (e.g., price) or indirectly (e.g., derived from price) from the active market. Including the fair value of the convertible corporate bonds issued by the merged company, their repurchase rights and redemption rights.

Level 3: The input value of this level is not the input value of assets or liabilities based on observable market data.

No financial or non-financial instruments measured at fair value as of December 31, 2018.

2. Financial Instruments Not Measured at Fair Value

Cash and equivalent cash, notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, bank loans, notes payable, accounts payable and other carrying amounts payable are reasonable approximations of fair value.

3. For the financial and non-financial instruments measured at fair value, the merged company is classified on the basis of the nature, characteristic, risk and fair value levels of its assets and liabilities, the information is as follows:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Repeated Fair Value				
Financial Assets Measured at Fair Value Through Other Comprehensive Income				
Non TWSE &TPEx Listed Stocks	$ --	$ --	$ --	$ --

4. The methods and assumptions used by the merged company to measure fair value are described as follows:

(1) The TWSE &TPEx listed stock and beneficiary certificate of the merged company are the fair value input value (level 1) based on the closing price and net value of the market price

respectively.

(2) In addition to the above mentioned financial instruments with active market, the fair value of other financial instruments is obtained by means of evaluation technique or by referring to the quotation of the trading counterparty. The fair value obtained through the evaluation technology can be calculated by referring to the current fair value of financial instruments with similar substantial conditions and characteristics, cash flow discount method or other evaluation techniques, including using the market information available on the consolidated balance sheet date.

(3) The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all the relevant factors of the financial and non-financial instruments held by the merged company. Therefore, estimates of the evaluation model can be adjusted according to additional parameters, such as model risk or liquidity risk. According to the management policy of the fair value evaluation model of the merged company and the related control procedures, the management believes that the evaluation adjustment is appropriate and necessary to express the fair value of financial and non-financial instruments in the consolidated balance sheet. Price information and parameters used in the evaluation process are carefully assessed and appropriately adjusted to current market conditions.

5. There is no transfer between the fair value measurement of Level 1 and Level 2 between January 1, 2018 and December 30, 2017.

6. Changes in Level 3

	2018
January 1	$ --
Recognized in Profit of Other Comprehensive Income	--
December 31	$ --

7. The finance department is responsible for verifying the fair value

of financial instruments in the merged company's evaluation process of fair value classified as level 3 and uses independent sources to make the evaluation results close to the market state, confirm that the data source is independent, reliable, consistent with other resources and represents the executable price, and regularly calibrate the evaluation model, conduct roll back testing, update the input values and information required by the evaluation model and any other necessary fair value adjustments to ensure that the evaluation results are reasonable.

8. Quantitative Information of Material Unobservable Input Values of Level 3 Fair Value Measurement

	December 31, 2018 Fair Value	Valuation Technique	Material Unobservable Input Value	Relationship Between Input Value and Fair Value
Non-Derivative Equity Instrument				
Japan Bull Will Group Stocks	$ --	Net Asset Value Method	N/A	N/A

13. Additional Disclosure Items

At the time of the preparation of the consolidated financial statements, material transactions between the parent company and the subsidiary company and their balances have been completely eliminated.

(1) Information on Material Transactions:

Number	Item	Description
1	Loans to others.	None
2	Endorsement for others.	None
3	Marketable securities held at the end of the period.	Table I
4	Cumulative purchases or sales of the same marketable securities amount to NT$ 300 million or more than 20% of paid-in capital.	None

5	The amount of the real estate acquired amounts to NT$ 300 million or more than 20% of the paid-up capital.	None
6	The amount of the real estate disposed amounts to NT$ 300 million or more than 20% of the paid-in capital.	None
7	The amount of import and sales transactions amount to NT$ 100 million or more than 20% of paid-up capital with the affiliates.	Table II
8	Receivables from affiliates amount to NT$ 100 million or more than 20% of paid-in capital.	None
9	Engaging in derivatives trading.	None
10	Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries.	Table III

(2) Information on Reinvestment in Other Companies: Table 4.

(3) Investment information on Mainland China: Table 5.

Table I

Marketable securities held at the ending period (excluding the controls of investment subsidiaries, affiliated enterprises and joint ventures):

Unit: NT$ 1,000

Holding Company	Types of Marketable Securities	Name of Marketable Securities	Relationship with the Marketable Securities Issuer	Accounting Subjects	End of Period				Note	
					Shares (1,000 shares) or Unit Number (1,000 units)	Carrying Amount (Note 2)	Shareholding Percentage (%)	Fair Value	Shares with Collateral Provision	Collateral Loan Amount
BULL WILL Co., Ltd.	Stocks	Japan Bull Will Group Incorporation	None	Note 1	--	$ --	18	$ -	--	$ -

Note 1: Financial Assets Measured at Cost - Non-Current

Note 2: The amount of accumulated impairment has been deducted.

Table II

The amount of import and sales with related parties up to NT$ 100 million or more than 20% of the paid-in capital:

Unit: NT$ 1,000

Purchase (Sale) Companies	Name of Transaction Object	Relationship	Transaction Status				Status and Reasons Why Trading Terms Are Different from Ordinary Trading Terms (Note 1)		Bills and Accounts Receivable (Payable)		Notes (Note 2)
			Purchase (Sale) of Goods	Amount	Percentage of Total Purchase (Sale)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Bills and Accounts Receivable (Payable)	
The Company	Huizhou Jun Chao Electronic Co., Ltd.	Subsidiaries	Purchase of Goods	$ 134,193	58%	Monthly Statement for 150 Days	$ --	--	$ --	--	Note 2-1

Note 1: If the transaction conditions of the affiliates are different from the general transaction conditions, the status and reasons of the differences shall be stated in the columns of unit price and credit period.

Note 2: If there is a case of advance receipt (payment), the reasons, terms of the contract, amount and differences from the general transaction type should be stated in the notes column.

Note 2-1: Due to the operational requirements of the Group, in order to provide the material purchase and processing funds of our subsidiary Huizhou Jun Chao Electronic CO LTD, the payment in advance was NT$ 3,113,000, which is similar to the general transaction pattern.

Note 3: Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 10% of the equity of balance sheet vested in the owner of the parent company.

Table 3 Business relationship and important transactions between parent and subsidiary companies and between subsidiaries and their amounts: Unit: NT$ 1,000

Number (Note 1)	Transactor Name	Transacting Objects	Relation with Transactor (Note 2)	Transacting Status			
				Item	Amount	Transacting Condition	Percentage of the Consolidated Total Revenue or Total Assets (Note 3)
0	BULL WILL Co., Ltd.	BULL WILL Electronics Co., Ltd.	(1)	Sale Income	$ 4,179	Similar to the General Transaction Pattern	2
0	BULL WILL Co., Ltd.	Dongguan Zhao Kang Electronic Co., Ltd.	(1)	Sale Income	8,946	Similar to the General Transaction Pattern	4
0	BULL WILL Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	(1)	Sale Income	56,304	Similar to the General Transaction Pattern	23
0	BULL WILL Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	(1)	Purchase of Goods	134,193	Similar to the General Transaction Pattern	55
0	BULL WILL Co., Ltd.	BULL WILL Electronics Co., Ltd.	(1)	Account receivables	25,006	Similar to the General Transaction Pattern	12
0	BULL WILL Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	(1)	Account receivables	79,560	Similar to the General Transaction Pattern	37
0	BULL WILL Co., Ltd.	SIGCUS USA INC.	(1)	Account receivables	34,763	Similar to the General Transaction Pattern	16
0	BULL WILL Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	(1)	Payment in Advance	3,113	Similar to the General Transaction Pattern	1
0	BULL WILL Co., Ltd.	Huizhou Bullwill Electronic Co., Ltd.	(1)	Other accounts receivable	3,132	Similar to the General Transaction Pattern	1
1	Huizhou Jun Chao Electronic Co., Ltd.	Dongguan Zhao Kang Electronic Co., Ltd.	(3)	Other accounts payable	32,144	Similar to the General Transaction Pattern	15
2	Huizhou Bullwill Electronic Co., Ltd.	Serial Investment CO LTD	(3)	Other accounts payable	7,138	Similar to the General Transaction Pattern	3
3	BULL WILL Electronics Co., Ltd.	Serial Investment CO LTD	(3)	Other accounts payable	10,083	Similar to the General Transaction Pattern	5
4	SIGCUS USA INC.	Visco International Co., Ltd.	(3)	Other accounts payable	19,163	Similar to the General Transaction Pattern	9

1. Enter 0 for parent company.
2. The subsidiaries shall be numbered in numerical order starting from the Arabic numeral 1.

Note 2: There are three types of relationships with a trader, just mark the category. (if it is the same transaction between the parent company and the subsidiaries or between the subsidiaries, there is no need to repeat the disclosure. For example, if the parent company has disclosed the transaction between the subsidiary company and the parent company, the subsidiary part does not need to be disclosed repeatedly. A transaction between a subsidiary and its subsidiaries, if one has been disclosed, is no longer required for another:

(1) Parent Company vs Subsidiary Company

(2) Subsidiary Company vs Parent Company

(3) Subsidiary Company vs Subsidiary Company

Note 3: The ratio of the transaction amount to the consolidated total revenue or total assets, if it is an item of assets and liabilities, shall be calculated by the ratio of the ending balance to the consolidated total assets. In the case of profit and loss items, the cumulative amount shall be calculated as a proportion of the consolidated total revenue.

Note 4: The company may decide whether or not to list the material transactions in this table in accordance with the principle of materiality.

Table 4 Information on Reinvestment in Other Companies

Information about the investee in which Bull Will Group Incorporation has control or material influence (excluding mainland investes):

Unit: NT$ 1,000

Investment company	Name of Investees	Location	Main Business Items	Original Investment Amount		Held at the End of the Period			The Investee's Current (Loss) Profit	Investment (Loss) and Gain Recognized Investment (Loss) Gain	Note
				End of Current Period	End of Previous Period	Shares (1,000 shares)	Ratio %	Carrying Amount			
BULL WILL Co., Ltd.	Hong Kong Bull Will Holding CO LTD	Hong Kong	General Investment Business	$ 347,735 (HKD86,165；USD355)	$ 347,735 (HKD86,165；USD355)	10,374	100	($92,389)	($ 20,254)	($ 20,254)	Subsidiaries
BULL WILL Co., Ltd.	BULL WILL TRADING(S) PTE LTD	Singapore	Precious Metal Trading	$ 1,564 (SGD 70)	--	70	48.95	4,279	5,501	3,018	Investment by Equity Method
Hong Kong Bull Will Holding CO LTD	Hong Kong Serial Investment Co., Ltd.	Hong Kong	General Investment Business	$ 347,727 (HKD86,165；USD355)	$ 347,727 (HKD86,165；USD355)	10,374	100	(91,430)	(20,253)	(20,253)	Subsidiaries
Hong Kong Serial Investment Co., Ltd.	BULL WILL Electronics Co., Ltd.	British Virgin Islands	Agent for the Company's Products	$ 69,290 (HKD16,950)	$ 69,290 (HKD16,950)	2	100	(32,814)	(6,471)	(6,471)	Subsidiaries
Hong Kong Serial Investment Co., Ltd.	Visco International Co., Ltd.	Belize	General Investment Business	$ 11,564 (USD 355)	$ 11,564 (USD 355)	355	55	(19,092)	(80)	(44)	Subsidiaries
Visco International Co., Ltd.	SIGCUS USA INC.	USA	TV Trading	$ 610 (USD 20)	$ 610 (USD 20)	1,000	100	(53,829)	(55)	(55)	Subsidiaries

Table 5 Investment Information on Mainland China Unit: NT$ 1,000

Name of Investees in Mainland China	Main Business Items	Paid-Up Capital	Investment Method (Note 1)	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Current	Amount of Investment Remitted or Recovered During the Current Period		Accumulated Investment Amount Remitted from Taiwan at the Ending of the Current Period	The Investee's Current (Loss) Profit	Shareholding Ratio of Direct or Indirect Investment of the Company	Investment (Loss) and Gain Recognized at Current Period	Ending Investment Book Value	Investment Income Remitted Home as of the Current Period	Note
					Remitted	Recovered							

				Period									
Huizhou Jun Chao Electronic Co., Ltd.	Agent for the Company's Products and Manufacturing	$51,403 (HKD13,000)	(2)	$ 47,151 (HKD 12,050)	$ --	$ --	$ 47,151 (HKD 12,050)	($ 15,828)	100%	($ 15,828)	($ 102,103)	$ --	Note 2 (2)C
Dongguan Zhao Kang Electronic Co., Ltd.	Agent for the Company's Products	35,738 (HKD9,000)	(2)	35,738 (HKD 9,000)	--	--	35,738 (HKD 9,000)	(1,293)	100%	(1,293)	38,264	--	Note 2 (2)C
Huizhou Bullwill Electronic Co., Ltd.	Agent for the Company's Products and Manufacturing	19,102 (HKD5,000)	(2)	19,102 (HKD 5,000)	--	--	19,102 (HKD 5,000)	2,984	100%	2,984	5,569	--	Note 2 (2)C
Huizhou Bai Qin Electronics Co., Ltd.	Agent for the Company's Products and Manufacturing	78,092 (HKD20,400)	(2)	78,092 (HKD 20,400)	--	--	78,092 (HKD 20,400)	(92)	100%	(92)	110	--	Note 2 (2)C

Accumulated Investment Amount Remitted from Taiwan to Mainland China at the End of the Period	Approved Investment Amount of Investment Commission, MOEA	Investment Ceiling in Mainland China In accordance with Investment Commission, MOEA (Note 4)
$307,603(USD700HKD72,910)	$307,603 (USD700HKD72,910)	79,527

Note 1: Investment methods can be divided into the following three categories, simply mark the category:

(1) Direct investment in mainland China.

(2) Reinvest in mainland China through a third region company.

(3) Other methods.

Note 2: In the column of Current Period Recognized Investment Gains and Losses:

(1) If there is no investment gain or loss in preparation, it shall be noted.

(2) The foundation for recognition of investment gains and losses shall be noted in the following three categories.

A. Financial statements audited by an international CPA firm in partnership with an CPA firm of the Republic of China.

B. Financial statements audited by CPA of parent company in Taiwan.

C. Others: The evaluation of the investee's financial statements audited by accountants during the same period.

Note 3: Figures in this table should be shown in NTD.

Note 4: For other enterprises other than small and medium-sized enterprises, the limit shall be 60% of the net value or the combined net value, whichever is higher.

Note 5: The Company invests in mainland companies through Hong Kong Serial Investment CO LTD, which is owned by Hong Kong Bull Will Holding CO LTD.

14. Department Information

(1) General Information

The major business activities of the merged company in 2018 and 2017 were the processing of electronic materials and parts, the import and export of electronic materials and parts, and the sale of television sets, etc. The merged company reporting departments include Bull Will Group Incorporation (Bull Will), Bull Will Electronics CO LTD (Bull Will Electronics), Huizhou Jun Chao Electronic CO LTD (Huizhou Jun Chao), Huizhou Bull Will Electronics CO LTD (Huizhou Bull Will), SIGCUS USA INC.(SIGCUS), and 7 reporting departments including the closed departments and others.

(2) Department Information

The merged company's reporting department is a strategic business unit to provide different products and services. The accounting policies of the operating department are the same as the summary statement of important accounting policies in Note 4.

The amount of merged company' s reporting department revenue, profit and loss, assets and liabilities and the corresponding amount of adjustment to the merged company are summarized as follows:

	2018								
	Bull Will	Bull Will Electronics	Huizhou Jun Chao	Huizhou Bull Will	SIGCUS	Closed Departments	Other	Adjustment and Write-Off	Total
Income									
Net Income from External Customers	$ 199,123	$ 4,177	$ 3,819	$ 23,463	$ --	$ --	$ 15,293	$ --	$ 245,875
Net Income Between Departments	69,659	--	134,444	765	--	--	22	(204,890)	--
Total Income	$ 268,782	$ 4,177	$ 138,263	$ 24,228	$ --	$ --	$ 15,315	($ 204,890)	$ 245,875
Interest income	$ 83	$ 1	$ 10	$ 9	$ --	$ --	$ 50	$ --	$ 153
Interest expense	(1,181)	--	--	--	--	--	(245)	--	(1,426)
Depreciation	(1,457)	--	(1,655)	(1)	(96)	--	--	--	(3,209)

Profit and Loss Shares Recognized by the Equity Method	(17,236)	--	--	--	--	--	(40,998)	60,171	1,937
Material Income and Expense Items: Investment Profit/Loss	(323)	--	--	--	--	--	--	--	(323)
Exchange Profit/Loss	7,957	(11)	4,341	659	--	--	1,589	1,857	2,678
Impairment Loss	--	--	--	--	--	--	--	--	--
Departmental Profit and Loss	($ 21,026)	($ 6,471)	$ 15,828	$ 2,984	($ 55)	($ 92)	($ 41,880)	$ 61,767	($ 20,600)
Assets									
Capital Expenditure of Non-Current Asset	$ 114	$ --	$ 6	$ --	$ --	$ --	$ --	$ --	$ 120
Investments accounted for using the equity method	(88,110)	--	--	--	--	--	(201,495)	293,884	4,279
Departmental Assets	$ 302,918	$ 3,352	$ 24,596	$ 23,210	$ 108	$ 320	$ 59,466	($ 197,866)	$ 216,104
Departmental Liabilities	$ 170,373	$ 36,166	$ 126,698	$ 17,640	$ 53,938	$ 211	$ 238,771	($ 544,617)	$ 99,180

	2017								
	Bull Will	Bull Will Electronics	Huizhou Jun Chao	Huizhou Bull Will	SIGCUS	Closed Departments	Other	Adjustment and Write-Off	Total
Income									
Net Income from External Customers	$ 218,608	$ 22,177	$ 3,571	$ 16,731	$ 2,156	$ --	$ 23,711	$ --	$ 286,954
Net Income Betweer Departments	115,054	--	150,297	1,830	--	--	16	(267,197)	--
Total Income	$ 333,662	$ $22,177	$ 153,868	$ 18,561	$ 2,156	$ --	$ $23,727	($ 267,197)	$ 286,954
Interest income	$ 72	$ 3	$ 5	$ 11	$ --	$ --	$ 58	$ --	$ 149
Interest expense	(3,007)	--	--	--	--	--	--	--	(3,007)
Depreciation	(1,603)	--	(2,115)	(191)	(124)	--	--	--	(4,033)
Profit and Loss Shares Recognized by the Equity Method	(6,076)	--	--	--	--	--	(18,738)	24,814	--
Material Income anc Expense Items:									
Investment Profi Disposed	--	--	--	--	--	--	112	--	112
Exchange Profit/	(15,358)	303	6,905	475	--	--	(2,918)	--	(10,593)
Departmental Profit and Loss	($ 55,694)	($ 5,164)	($ 129)	$ 3,908	($ 7,795)	($ 97)	($ 319)	$ 6,076	($ 59,214)
Assets									
Capital Expenditure of Non-Current Asset	$ --	$ --	$ 149	$ --	$ --	$ --	$ --	$ --	$ 149
Investments accounted for using the equity method	(71,765)	--	--	--	--	--	(212,128)	283,893	--
Departmental Assets	$ 336,506	$ 8,171	$ 42,006	$ 15,885	$ 4,227	$ 435	$ 62,950	($ 202,728)	$ 267,452
Departmental Liabilities	$ 182,788	$ 33,693	$ 130,409	$ 13,207	$ 56,356	$ 229	($ 85,113)	($ 202,728)	$ 128,841

Adjustment and write-off is the elimination of inter-departmental incomes, profits and losses, departmental assets and liabilities.

Information on Inter-departmental Income, Profit and Loss, and Departmental Assets and Liabilities

1. Departmental Income

	2018	2017
Total Departmental Income	$ 435,450	$ 530,424
All Other Departmental Income	15,315	23,727

Elimination of Inter-departmental Income	(204,890)	(267,197)
Total Income	$ 245,875	$ 286,954

2. Departmental Profit and Loss

	2018	2017
Total Departmental Profit and Loss	($ 40,395)	($ 64,874)
All Other Departmental Profit and Loss	(41,880)	(319)
Elimination of Inter-departmental Profit and Loss	61,767	6,076
Minus: Profit and Loss of Closed Departments	(92)	97
Departmental Pretax Profit and Loss	($ 20,600)	($ 59,214)

3. Departmental Assets

	2018	2017
Total Departmental Assets	$ 354,504	$ 407,230
All Other Departmental Assets	59,466	62,950
Elimination of Inter-departmental Assets	(197,866)	(202,728)
Departmental Assets	$ 216,104	$ 267,452

4. Departmental Liabilities

	December 31, 2018	December 31, 2017
Total Departmental Liabilities	$ 405,026	$ 416,682
All Other Departmental Liabilities	238,771	(85,113)
Elimination of Inter-departmental Liabilities	(544,617)	(202,728)
Departmental Liabilities	$ 99,180	$ 128,841

(4) Information on Product Categories

The income sources and balance details of the merged company are composed as follows:

	2018		2017	
Income Composition	Amount	%	Amount	%
Electronic	$ 245,875	100	$ 284,798	100

Component Income				
Television Income	--	--	2,156	--
	$ 245,875	100	286,954	100

(5) Information on Regions

	2018		2017	
Regions	Income	Non-current assets	Income	Non-Current Asset
Taiwan	$ 31,466	$ --	$ 35,391	$ 34,055
Asia	211,938	--	247,548	--
America	--	--	2,156	--
Europe	2,471	--	1,859	--
Total	$ 245,875	$ --	$ 286,954	$ 34,055

(6) VIP Information

In 2018 and 2017, the merged company's sales amount to a single client accounts for more than 10% of the net operating income. The details are as follows:

	2018		2017	
Client Name	Amount	%	Amount	%
Client A	$ 45,330	18	$ 43,739	15
Client B	17,702	7	29,955	10
Client C	30,401	12	28,883	10

Appendix 2

2018 Individual Financial Report

Independent Account's Reports

BULL WILL CO., LTD.

Opinion

We have audited the following financial statements of BULL WILL CO., LTD.: the parent company only balance sheet at December 31, 201, the individual income statement, the individual statement of changes in equity, the individual statement of cash flows, and the notes to the individual financial statements, including a summary of significant accounting policies from January 1 to December 31 of 2018.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of BULL WILL CO., LTD. as at December 31, 2018 and its financial performance and cash flows for the period from January 1 to December 31 of 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards in the Republic of China. Our responsibilities under those rules and standards are described in the section of the responsibilities of accountants auditing parent company only financial statements. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants of the Republic of China, stayed fully independent of Bull Will Co., Ltd, and fulfilled other responsibilities in accordance with the code. We believe that we have obtained adequate and appropriate audit evidence to provide a basis of our audit opinion.

Key audit matters

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2017 parent company only financial statements of BULL WILL CO., LTD.

These matters were addressed during the audit of the overall parent company only financial statements and in the formation of our opinion. We do not express our opinion on these matters separately. We have determined the following key audit matters to be addressed in the audit report:

Sales income recognition

Regarding the accounting policy of income recognition, please refer to Note 4(25) of the parent company only financial statements. For description of operating income components, please refer to Note 6(21) of the parent company only financial statements.

The major source of income of BULL WILL CO., LTD. is sales of electronic components and related products. Product sales may have a significant impact on the financial statements because product sales is a major risk associated with ownerships and are related to conditions such as remuneration transferred to the buyers, the sales amount can be reliably assessed, and the future economic benefits when received by the company are very likely to be recognized as income. Therefore, product sales of BULL WILL CO., LTD. is chosen to be a key audit matter of this year.

For the audit procedure, we have learned to understand and tested the effectiveness and implementation of the primary internal control of the sales income. For this audit, we sampled the top ten clients newly added to the sales and the major clients of the sales to test the sales and collection cycle. We tested the reasonableness of the timing of income recognition and whether the party receiving a payment and the party products are sold to are consistent. We selected several numbers before/after the date of the balance sheet or the original documents checked and recorded during a period of time before/after the closing date to verify the appropriateness of the recording of the sales income and the accounts receivables.

Other matters

The Company has prepared the 2017 parent company only financial statements, and we issued an audit report with unmodified opinion on March 30, 2018. That report is available for reference.

Matters of emphasis

As shown in Note 9(1) 2 and 3 of the parent company only financial statements,the accounts receivable ($242,844,000, including the amount from selling the accounts receivable of non-resource signed with Bank SinoPac) from transactions with YANG HWA TECHNOLOGY CORPORATION has not been collected yet, which was recorded as “accounts receivable” of $65,669,000 and “other accounts receivable” of $205,848,000. Because this “other accounts receivable” is a reparation from the trade credit insurance, the possibility of compensation and the timing remains unclear. As a result, 100% allowance for doubtful accounts is used.

As shown in Note 6(17) of the parent company only financial statement, BULL WILL CO., LTD. Has carried out capital increase by cash through private fundraising in 2017. As stated in Note 12(1) of the parent company only financial statement, BULL WILL CO., LTD. on March 30, 2018 resolved the private fundraising for ordinary stock at the Board of Directors.

The matters above did not lead us to modify our opinion.

Responsibilities of management and those charged with governance for the parent company only financial statements

The responsibilities of management is to prepare appropriately stated consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Management is also responsible for maintaining necessary internal control relevant to the preparation of the parent company only financial statements to ensure that the parent company only financial statements are free from material misstatement by fraud or error.

Management when preparing the individual financial statements is also responsible for evaluating the BULL WILL CO., LTD.’s ability to continue as a going concern, the disclosure of relevant matters, and the use of the going concern basis of accounting unless management intends to liquidate the Group, to cease the operations, or to liquidate or to have no feasible alternatives but to do so.

Those charged with governance (i.e., independent directors and supervisors) of the BULL WILL CO., LTD. are responsible for overseeing the BULL WILL CO., LTD.'s financial reporting procedure.

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

The objectives of the auditors for auditing the parent company only financial statements are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from any material misstatement due to fraud or error and to issue an auditors' report accordingly. Reasonable assurance refers to a high level of assurance, but there is no guarantee that an audit performed according to generally accepted auditing standards can detect any material misstatement existing in the individual financial statements. Misstatements may arise from fraud or error. A misstated dollar amount, individually or in the aggregate, that could be reasonable predicted to influence the economic decision of the user of the parent company only financial statements can be viewed as material.

In accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

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

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BULL WILL CO., LTD.'s internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BULL WILL CO., LTD.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bull Will's Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the invested companies accounted for using the equity method to express an opinion on the individual financial statements. We are responsible for the direction, supervision, and performance of the audit of the invested companies and are responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and the timing of the audit as well as the material audit findings (including significant internal control shortcomings identified from the audit).

We also provide those charged with governance the statement that the personnel of our accounting firm subject to the requirements of independence have complied with the requirements of independence of the code of professional ethics of certified public accountants of the Republic of China and communicate with those charged with governance relationships and other matters that may influence our independence (including related preventive measures).

We determine the key audit matters of the parent only company financial statements of 2018 of the BULL WILL CO., LTD. according to matters communicated with those charged with governance. We describe these matters in the audits' report, unless the laws and regulations prohibit the disclosure of such a matter or under rare condition that we decide not to communicate a given matter because the negative impact from such communication is greater than its public benefits under reasonable assumption.

SHINEWING TAIWAN

Accountants: Chen Kuang-hui
Yao Yu-lin

Securities and Futures Bureau, Financial Supervisory Commission

Approval No.: (107) Jin-Guan-Zheng-Shen-Zi-107034582
(107) Jin-Guan-Zheng-Shen-Zi-107034273

________, 2018

BULL WILL CO., LTD.
Parent Company Only Balance Sheets
2018 and December 31, 2017

Unit: 1,000 NTD

Code	Assets	Notes:	December 31, 2018 Amount		%	December 31, 2017 Amount		%
11XX	Current asset							
1100	Cash and cash equivalents	6(1)	$	30,010	10	$	31,301	9
1150	Net notes receivable	VI(IV)		244	--		454	--
1170	Net accounts receivable	6(4) and (6)		79,299	26		87,708	26
1180	Accounts receivable from related parties	6(4) and 7		119,184	40		132,517	39
1200	Other accounts receivable	6(5)		250	--		566	--
1210	Other accounts receivable from related parties	6(5) and 7		3,228	1		667	--
1220	Current income tax assets			--	--		23	--
130X	Inventories	6(7)		2,663	1		5,851	2
1410	Advance payments	7		3,465	1		4,263	2
1476	Other financial assets - current	6(11) and 8		5,548	2		9,590	3
1479	Other current assets - current	7		--	--		316	--
				243,891	81		273,256	81
15XX	Non-current assets							
1517	Financial assets carried at fair value through other	6(2)		--	--		--	--
1543	Financial assets carried at cost - non-current	6(3)		--	--		--	--
1600	Property assets, plants, and equipment	6(9)		4,144	1		5,348	2
1760	Investment property, net	6(10) and 8		21,157	7		22,478	7
1840	Deferred tax assets	6(27)		32,966	11		34,314	10
1920	Guarantee deposits paid	7		760	--		1,110	--
				59,027	19		63,250	19
	Total assets		$	302,918	100	$	336,506	100

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BULL WILL CO., LTD.
Parent Company Only Balance Sheets (Cont'd)
2018 and December 31, 2017

(Cont'd) Unit: 1,000 NTD

Code	Liabilities and equity	Notes:	December 31, 2018 Amount	%	December 31, 2017 Amount	%
21XX	Current liabilities					
2130	Contractual liabilities		$ 23	--	$ --	--
2170	Accounts payable	6(12)	24,352	8	33,787	11
2180	Accounts payable from related parties	6(12) and 7	4	--	--	--
2200	Other accounts payable		43,094	15	43,051	12
2220	Other accounts payable from related parties	7	924	--	154	--
2250	Liability reserve - current	6(15)	923	--	935	--
2320	Long-term liabilities - current portion	6(13) and 8	11,947	4	20,227	6
2399	Other current liabilities: others	7	996	--	922	--
			82,263	27	99,076	29
25XX	Non-current liabilities					
2540	Long-term borrowings	6(13) and 8	--	--	11,947	4
2650	Credit balance on investments accounted for	6(8)	88,110	29	71,765	21
			88,110	29	83,712	25
	Total liabilities		170,373	56	182,788	54
3100	Capital stocks	VI(XVII)	1,113,364	368	1,113,364	331
3200	Capital surplus	6(18)	43,306	14	43,306	13
3300	Retained earnings	6(19)				
3350	Accumulated deficits to be covered		(1,030,829)	(340)	(1,010,109)	(300)
3400	Other equity	6(20)	6,704	2	7,157	2
	Total equity		132,545	44	153,718	46
	Total liabilities and equity		$ 302,918	100	$ 336,506	100

(Please refer to notes of the parent company only financial statements attached.)

Chairperson: Chang Chieh-min
Manager: Lee Tai Hsiang
Accounting manager: Lo Wei-chang

BULL WILL CO., LTD.

Parent Company Only Statements of Comprehensive Income

January 1 to December 31, 2017 and 2018

Unit: NTD 1,000

			2018		2017	
Code	Item	Notes:	Amount	%	Amount	%
4000	Operating revenue	6(21) and 7	$ 268,781	100	$ 333,662	100
5000	Operating cost	6(7) and 7	(234,501)	(87)	(295,163)	(86)
5900	Operating gross profit		34,280	13	38,449	14
5910	Unrealized gain from sales		(12,292)	(4)	(14,936)	(4)
5920	Realized gain from sales		12,170	4	15,324	4
5950	Net gross profit		34,158	13	38,887	14
6000	Operating expenses					
6100	Selling expenses		(12,372)	(5)	(13,787)	(4)
6200	Management expenses		(27,987)	(10)	(30,680)	(9)
6300	Research and development expenses		(4,115)	(2)	(4,529)	(2)
			(44,474)	(17)	(48,996)	(15)
6900	Operating losses		(10,316)	(4)	(10,109)	(1)
7000	Non-operating income and expenses					
7010	Other income	6(22) and 7	1,519	--	1,682	--
7020	Other gains and losses	6(23)	7,618	3	(15,240)	(4)
7050	Financial cost	VI(XXVI)	(1,181)	--	(3,007)	(1)
7070	Share of loss of subsidiaries, associates, joint ventures accounted for using equity	6(8)	(17,236)	(6)	(6,076)	(2)
			(9,280)	(3)	(22,641)	(7)
7900	**Net loss before tax**		(19,596)	(7)	(32,750)	(8)
7950	Income tax expenses	6(27)	(1,430)	(1)	(22,944)	(7)
8200	**Current net losses**		(21,026)	(8)	(55,694)	(15)
8300	**Other comprehensive income**					
8360	Items may be subsequently reclassified to profit					
8381	Exchange differences generated from translation are recognized in other comprehensive profit/loss.		(229)	--	3,934	1
8399	Income tax related to items to be reclassified subsequently		82	--	(669)	--
			(147)	--	3,265	1
	Other comprehensive income (loss) for the		(147)	--	3,265	1
8500	**Total comprehensive income for this year**		($ 21,173)	(8)	($ 52,429)	(14)
	Earnings per share	6(28)				
9750	Basic earnings per share (NTD)		($ 0.19)		($ 0.68)	

(Please refer to notes of the parent company only financial statements attached.)

Chairperson: Chang Chieh-min
Manager: Lee Tai Hsiang
Accounting manager: Lo Wei-chang

BULL WILL CO., LTD.

Parent Company Only Statements of Changes in Equity

January 1 to December 31, 2017 and 2018

Unit: NTD 1,000

Item	Capital stocks: Share capital - common stock	Capital surplus	Retained earnings	Other equity: Exchange differences on translation of foreign financial	Other equity: Unrealized gains (losses) of financial assets carried at fair value through	Total equity
Balance, January 1, 2017	$ 729,364	$ 43,306	($ 628,015)	$ 3,892	$ --	$ 148,547
Cash capital increase	384,000	--	(326,400)	--	--	57,600
	1,113,364	43,306	(954,415)	3,892	--	206,147
Net loss in 2017	--	--	(55,694)	--	--	(55,694)
Other comprehensive income in 2017	--	--	--	3,265	--	3,265
Total comprehensive income in 2017	--	--	(55,694)	3,265	--	(52,429)
Balance, December 31, 2017	1,113,364	43,306	(1,010,109)	7,157	--	153,718
Adjustments of retrospective application and retrospective restatement	--	--	306	--	(306)	--
Balance, beginning of the restatement	1,113,364	43,306	(1,009,803)	7,157	(306)	153,718
Net loss in 2018	--	--	(21,026)	--	--	(21,026)
Other comprehensive income in 2018	--	--	--	(147)	--	(147)
Total comprehensive income in 2018	--	--	(21,026)	(147)	--	(21,173)
Balance, December 31, 2018	$ 1,113,364	$ 43,306	($ 1,030,829)	$ 7,010	($ 306)	$ 132,545

(Please refer to notes of the parent company only financial statements attached.)

Chairperson: Chang Chieh-min
Manager: Lee Tai Hsiang
Accounting manager: Lo Wei-chang

BULL WILL CO., LTD.

Parent company only statements of cash flows

January 1 to December 31, 2018 and 2017

Unit: NTD1,000

	2018	2017
Cash flows from operating activities		
Net loss before tax	($ 19,596)	($ 32,750)
Adjustments:		
Profit/loss not affecting cash flows		
Depreciation	1,457	1,603
Interest expense	1,181	3,007
Interest income	(83)	(72)
Share of loss of subsidiaries, associates, joint ventures accounted for using the equity method	17,236	6,076
Disposal of investment property gain	(108)	--
Financial asset reversal gain	--	(344)
Loss on disposal of investment	323	--
Unrealized gain from sales	12,292	14,936
Realized gain from sales	(12,170)	(15,324)
Net gain/loss on foreign currency exchange	(7,957)	15,358
Assets/liabilities changes related to operating activities		
Decrease in notes receivable	210	184
Decrease in accounts receivable	8,409	17,155
Decrease (increase) other accounts receivable - related parties	13,333	(11,317)
Decrease in other accounts receivable	316	1,408
Decrease (increase) other accounts receivable - related parties	(2,561)	2,912
Decrease in inventories	3,188	3,687
Decrease in advance payments	798	15,463
Decrease in other financial assets - current	4,042	16,631
Other non-current assets - other decrease	316	626
Contractual liabilities - current increase (decrease)	23	(143)
Decrease in accounts payable	(9,435)	(6,726)
Increase (decrease) other accounts payable - related parties	4	(9)
Decrease in other accounts payable	(509)	(2,268)
Increase (decrease) other accounts payable - related parties	770	(24,361)
Decrease in liability reserve - current	(12)	(106)
Increase in other current liabilities - others	74	101
Operating cash inflows	11,541	5,727

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BULL WILL CO., LTD.

Parent company only statements of cash flows (cont'd)

January 1 to December 31, 2018 and 2017

(Cont'd)

Unit: NTD1,000

	2018	2017
Interests received	83	72
Income tax refunded	23	--
Net cash inflows from operating activities	11,647	2,722
Cash flows from investment activities		
Decrease in guarantee deposits paid	350	980
Acquisition of investments accounted for using the equity method	(1,564)	--
Acquisition of property assets, plants, and equipment	(114)	--
Disposal of investment property proceeds	1,290	--
Cash returned from liquidation of financial assets carried at cost	--	1,068
Net cash inflows (outflows) from investment activities	(38)	2,048
Cash flows from fundraising activities		
Payments of long-term borrowings	(20,227)	(50,389)
Decrease in guarantee deposits paid	--	(93)
Interests paid	(629)	(3,077)
Cash capital increase	--	57,600
Net cash inflows (outflows) from fundraising activities	(20,856)	7,118
Effect of exchange rate changes on cash and cash equivalents	7,956	(15,358)
Net decrease in cash and cash equivalents	(1,291)	(3,470)
Cash and cash equivalents at beginning of this year	31,301	34,771
Cash and cash equivalents at end of this year	$ 30,010	$ 31,301
Fundraising activities not affecting cash flows		
Long-term borrowings - current portion	$ 11,947	$ 20,227

(Please refer to notes of the parent company only financial statements attached.)

Chairperson: Chang Chieh-min
Manager: Lee Tai Hsiang
Accounting manager: Lo Wei-chang

BULL WILL CO., LTD.

Attached parent company only financial statements

2018 and December 31, 2018 and 2017

(Unless otherwise noted, the amounts are expressed in thousands of New Taiwanese Dollars.)

1. Company milestones

Approved by the Ministry of Economics Affairs, BULL WILL CO., LTD. (the Company) was established in December 20, 1993 and the registered address is 3F., No. 199, Ruihu St., Neihu Dist., Taipei City.

The primary business items are the processing, import/export and trading of electronic materials and components.

In July 2001, the Company was approved by Securities and Futures Commission, Ministry of Finance to go public and begin selling stock. In June 2003, Securities and Futures Commission, Ministry of Finance approved the Company's shares to be listed on the Over-the-Counter Markets. On September 17, 2003, the Company became listed on the Taiwan OTC Exchange.

2. Date and Procedures of Approval of Financial Statements

These parent company only financial statements have been approved by the Board of Directors on March 28, 2019 and announced.

3. Applicability of newly issued and revised standards and interpretations

(1) Impacts from adopting the latest, amended and revised International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) and related interpretations and interpretative bulletins approved by the Financial Supervisory Commission (ROC):

1. 2018 applicable IFRSs and IASs and related interpretations and interpretative bulletins approved by the Financial Supervisory Commission (ROC):

Latest standards, interpretations, and	Major modified content	Effective date of IASB issuance

modification		
Amendments to IFRS 2 Share-based Payments in Relation to Measurement and Classification	This amendment clarifies that the measurement of the fair value of cash-settled share-based payment should be consistent with the the measurement basis of the fair value of equity-settled share-base payment and equity instrument. This amendment also clarifies the accounting treatment of changing share-based payment from cash-settled to equity-settled. In addition, this amendment provides one exception: when the employer is obliged to withhold and pay tax related to employees and share-based payment to tax authorities, the share-based payment as a whole should be treated as equity-settlement.	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	This amendment is made in accordance with new standards of IFRS 17 "Insurance Contracts"and because of different asset and liability measurement basis from IFRS 9 "Financial Instrument"as a result of the different applicable dates, insurers meeting IFRS 9 "Insurance Contract" and certain specific conditions are allowed to choose to be temporarily waived from adopting IFRS 9 "Financial Instruments" or choose to use the alternative treatment of the overlay approach when IFRS 9 "Financial Instruments" is applicable.	January 1, 2019
IFRS 9 "Financial Instruments"	Amendment of financial assets classification and measurement regulations and introduction of the impairment model of expected losses Financial liabilities requesting designated fair value change to be included in profit or loss should be reflected in "Other comprehensive income" with fair value change generated from credit risk related to the issuer of said financial liabilities and when they are derecognized, their related profit or loss shall not be transferred to profit or loss of the reporting period. One exception is that if at the initial recognition there is reasonable evidence showing that if reflecting such fair value change on "Other comprehensive income" will lead to significant accounting mismatch, then the fair value change can be reflected in "profit of loss of the reporting period." A substantial modification of hedge accounting enables a company to better reflect its risk management activities in the financial statements.	January 1, 2019

	It is allowed to use the regulation on changes in "Own credit" without changing other accounting treatment of financial instruments.	
IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 replaces IASs 11, 18, and income-related interpretations. The core principle is that companies should recognize income for describing that the amounts from transferring promised goods or labor to customers are the consideration the company acquired from exchanging the expected ownership of said goods or labor.	January 1, 2019
Amendments to interpretations to IRFS 15 "Revenue from Contracts with Customers"	These amendments are mainly to clarify ways to identify the performance obligation of an agreement, ways to identify the person in charge or the proxy of a company, and ways to determine whether an authorized income should be recognized at a certain time point or be recognized gradually with time.	January 1, 2019
Amendments to IAS 7 "Disclosure Initiative"	These amendments request companies to add change in liabilities related to or from fundraising activities into the disclosure, and changes in cash and non-cash are included.	Sunday, January 1, 2018
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	These amendments are to clarify how deferred income tax assets generated from unrealized impairments should be recognized.	Sunday, January 1, 2018
Amendments to IAS 40 "Transfers of Investment Property"	These amendments clarify that a transfer into the investment property or a transfer out of the investment property can be done only when the use is changed. To change the property use or not is determined by considering whether said property meet the definition of investment property and whether there is enough evidence proving the change of use. Management's intent to change the use of said property alone cannot be used as an evidence for supporting the change of use. In addition, the amendments add examples for proving the change of use, including for property under construction or development (not limited to construction completed property), and when the property is transferred to be for own use, it can be transferred from investment property to own property and inventory can be transferred to investment property at the starting date of the lease.	Monday, January 1, 2018
Interpretations to IRFS 22 Foreign Currency Transactions and Advance Consideration	This interpretation explains the use of the trading date of the foreign currency dominated contract to be the date of the company's initial recognition of	Monday, January 1, 2018

	non-current assets or liabilities of the consideration of income received or payment made in advance before recognizing related assets, expenses, and revenue.	
Annual Improvements to IFRS 2014-2016 Cycle: IFRS 1 "First-time Adoption of International Financial Reporting Standards"	It removes the regulations on the short-term exemption of the disclosure of financial instruments and the short-term exemption of employee benefits and investment individuals.	Monday, January 1, 2018
Annual Improvements to IFRS 2014-2016 Cycle: IFRS12 "Disclosure of Interests in Other Entities"	It amends and clarifies that when a company classifies its share of equity of subsidiaries, joint ventures, or associates (or a part of the equity of the joint ventures or associates) in accordance with IFRS 5 " Non-current Assets Held for Sale and Discontinued Operations," to available-for-sale, the Company only needs to disclose the summarized financial information of the subsidiaries, joint ventures, or associates in accordance with Paragraphs B10 to B16. In other words, other information that this standard requests to be disclosed should still be disclosed.	Sunday, January 1, 2017
Annual Improvements to IAS 2014-2016 Cycle: IAS 28 "Investments in Associates and Joint Venture"	IAS 28 allows that when the investments in associates or joint ventures are directly or indirectly held through venture capital organizations or mutual funds, unit trusts, or other similar entities (including investment-linked insurance funds), said entities can choose to adopt the regulations of IFRS 9 "Financial Instruments" to measure the investments in the associates or joint ventures at fair value through equity. These amendments clarify that before applying the aforementioned regulations, companies should make the choice at the initial recognition of each associate and joint venture.	Monday, January 1, 2018

2.Effect of first time IFRS 9 applicable

IFRS 9 replaces IAS 39, and the Company according to the existing facts and conditions at January 1, 2019 evaluated the classification of existing financial assets on that specific date and chose not the reclassify the comparative period. At January 1, 2018, the measurement types, carrying amounts, and changes of each class of financial assets according to IAS 39 and IFRS 9 are as follows:

Financial asset class	Measurement type		Carrying amount	
	IAS39	IFRS9	IAS39	IFRS9
Cash and cash	Loans and receivables	Measurement at	$ 31,301	$ 31,301

equivalents		amortized cost		
Stock investment	Financial assets measured at cost	Financial assets measured at fair value through other comprehensive income	--	--
Notes receivable, accounts receivable, and other receivable	Loans and receivables	Measurement at amortized cost	221,912	221,912
Other financial assets - current	Loans and receivables	Measurement at amortized cost	9,590	9,590
Guarantee deposits paid	Loans and receivables	Measurement at amortized cost	1,110	1,110

(1) The Company's initially classified as non-listed stocks/non-emerging stocks measured at cost of IAS 39 was classified as equity instrument investments measured at fair value through other comprehensive income according to IFRS 9 and re-classified at fair value, and there is no effect on retained earning at January 1, 2018. Moreover, the Company's initially recognized impairment losses of financial asset impairment measured at cost and accumulated in retained earnings had adjustments of an increase of retained earnings of NTD306,000 and of an decrease of retained earnings of NTD 306,000 in according to the stipulation of IFRS 9 of using fair value measurement without evaluating the impairment.

(2) Notes receivable, accounts receivable, other receivable, other financial assets - current, and guarantee deposits paid should be classified as loans and receivables according to IAS 39 or as financial assets measured at amortized cost according of IFRS 9 and expected credit losses should be evaluated.

3. Effect of first time IFRS 15 applicable

IFRS 15 replaces IAS 11, IAS 18, and related interpretations and interpretation bulletins. The Company chooses to apply IFRS 15 on uncompleted contract traceability without reclassifying the comparative information of 2017.

The Company's major revenue from contracts with customers is product sale, and the effect of IFRS 15 on the Company is explained below.

The Company's product sales transactions before January 1, 2018 was recognized at transferring product ownership. Starting from January 1, 2018, the aforementioned income does not have any effect on the recognition of income from product sale according to IFRS 15, but for part of the contract, the Company charges the customer partial consideration before transferring the ownership, and the Company bear the obligation of the subsequent transferring of the ownership. Before January 1, 2018, the advance acquired consideration was recognized as unearned receipts, and starting from January 1, 2018, the advance acquired consideration has been recognized as contact liability according to IFRS 15. Compared to the amounts applying IAS 18, there is a 23,000 reduction in the advance receivable of December 31, 2018 and a 23,000 increase in contract liability of December 31, 2018.

(2) Impacts from not yet adopting the latest, amended and revised International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (ROC):

The following chart summarizes the latest, amended and revised IFRS standards and interpretations applicable for 2017 approved by the Financial Supervisory Commission:

Latest standards, interpretations, and modification	Major modified content	Effective date of IASB issuance
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	This amendment stipulates a limited scope of modification when determining whether a financial asset of prepayment option satisfies the requirement of using all contract cash flow for paying the principle and the interest. When a prepayment amount cover reasonable compensation for terminating a contract in advance (i.e., negative compensation), it meets the condition of using all contract cash flow for paying the principal and the interests. It also clarify the conclusion: Financial liabilities should be consistent with financial assets, and if contract condition modification does not lead to the de-recognization of financial assets, then the difference in cash flow before and after contract	Tuesday, January 1, 2019

	modification should be recognized in profit or loss according to the discounted original effective interest rate, discounted at the original effective interest rate.	
IFRS 16 — Leases	This new standard requests the lessor to adopt the same accounting model, unless there are any specific exemption conditions. That is, most leases should be recognized as assets and liabilities in the balance sheet. Moreover, leases of lessors are still classified as operation leases and finance leases.	Tuesday, January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	This amendment requests companies to us the updated actuarial assumptions of the re-measurement after confirming changes in the fringe benefit plan to determine the current service cost and net interest of the remaining reporting period after changing the plan.	Tuesday, January 1, 2019
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	This amendment clarifies that for the Company's any long-term equity that is part of the net investment of associates or join venture should be apply IFRS 9 and then by impairment recognition related regulations of IAS 28.	Tuesday, January 1, 2019
Interpretations to IFRS 23 "Uncertainty over Income Tax Treatments"	These interpretation clarify that when there is any uncertainty regarding income tax treatments, the company should adopt this interpretation to determine the taxable income (taxable losses), taxable basis, un-used taxable losses, un-used income tax deduction and tax rates, adopt the regulations of IAS 12 "Income tax" for recognition and measurement of the current and the delayed income tax assets/liabilities.	Tuesday, January 1, 2019
Annual Improvements to 2015 - 2017 Cycle	IFRS 3 "Leases" This amendment clarifies that for the enterprise cost of the business acquisition of a joint operation achieved by stages, the acquirer should re-measure the already held equity of the operation concession at the fair value of the date of acquisition. IFRS 11 "Joint Arrangements" This amendment clarifies that when the company acquires the joint control over the business of a joint operation, the equity of the joint operation already held should not be re-measured. Amendments to IAS 12 "Income tax" This amendment clarifies that for	Tuesday, January 1, 2019

financial instruments classified as equity, the consequence of the income tax of the dividends should be recognized according to transactions or matters of the distributable incomes generated from the previous recognition. This requirement is applicable to the income tax consequences of all dividends.

IAS 23 “Borrowing costs”

This amendment clarifies that when the assets of meeting the requirements reached the to-be-used or to-be-sold state, the company’s borrowings for acquiring said assets that remain outstanding shall be part of the general borrowings.

The Company has determined that the above standards and interpretations above has no material effect on the Company’s financial conditions and performance.

(3) Impacts from International Accounting Standards Board (IASB) but not yet approved by the Financial Supervisory Commission (ROC):

1. The following summarizes the latest, amended and revised IFRS standards and interpretations issued by IASB but not yet approved and included by the Financial Supervisory Commission:

Latest standards, interpretations, and modification	Major modified content	Effective date of IASB issuance
Amendments to IAS 1 and IAS 8 “Disclosure Initiative - Definition of Material”	These amendments clarify the definition of “material.” If there is any missing or misstated information or and confusion that may reasonably expect to affect the primary users of the general-purpose financial statement who make financial decision based on the financial information of a specific reported entity provided by the financial statement, then the information is material.	Wednesday, January 1, 2020
Amendments to IFRS 3 “Definition of a Business”	The amendments clarify the definition of business, and to be deemed as businesses, the combination of the acquired activities and assets should include at least the input and the substantive processes, and the two should both exert significant contributions to the ability of generating output. Moreover, the output is limited to services and merchandise provided to customers, while the ability of lowering the cost is no longer mentioned. The evaluation of whether market participators are capable of	Wednesday, January 1, 2020

	making up a lack of input or process and providing output continuously has been removed. In addition, companies can choose to apply the centralized test, and when the fair value of total acquired assets is from a single asset (or a group of similar asset), no further assessment is required but to directly determine that the acquired assets are non-business.	
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	These amend the inconsistency between IFRS 10 and IAS 28 Transactions of assets for sales (inputs) of investors to associates or joint ventures are recognized as a whole or in part as income disposal according to the nature of the assets for sale (input). For assets for sales (inputs) satisfying the "business" scope, all income disposed should be recognized. When the assets for sales (inputs) do not satisfy the "business" scope, they can be only partially recognized as income disposal that are within the scope of equity of the associates or the joint ventures.	To be determined by IASＢ
IFRS 17 "Insurance Contracts"	It replaces IFRS 4 and establishes the principles for recognition, measurements, presentation, and disclosure of insurance contracts issued by the company. These principles apply to insurance contracts (including re-insurance contracts) issued by the company, re-insurance contracts held by the company, and investment contracts with discretionary participation features, and the premise is that said company also issues the insurance contract. Embedded derivatives, differentiable investment components, and differentiable performance obligation should be separated from contract insurance. At the initial recognition, companies should classify its issued insurance contract combination into three groups: the impaired, no significant impairment risk, and the remaining. This standard requires the current measurement model and the estimation has to be re-measured each reporting period. The measurement is based on elements of cash flows of discounted and weighted contracts, risk adjustment, and unearned profits of contracts (the contract service margin). Companies can apply simplified measurement methods for part of the insurance contracts (insurance premium	Friday, January 1, 2021

allocation). Earning generated from the insurance contract groups should be recognized during the period covered by the insurance provided by companies or when companies are released from the risks. If the insurance contract groups become impaired, the company should immediate recognize the losses. Companies should state insurance income, insurance service expenses, and financial income and expenses of insurance separately and disclose the amount, judgment, and risk information derived from insurance contracts.

2. The Company has determined that the above standards and interpretations have no material effect on the Company's financial conditions and performance.

4. Summary of significant accounting policies

The major accounting policies adopted for preparing these parent company financial statements are described below.

(1) Statement of compliance

This parent company only financial statement is prepared in accordance with Regulations Governing Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

1. Aside from financial assets (liabilities), which are measured at fair value through profit or loss, financial assets available for sale, which are financial instruments measured at fair value, and the defined benefit liabilities, which are recognized by the net value of the pension fund assets less the current value of defined benefit obligation, this parent company only financial statement is prepared based on the historical cost.
2. The following critical accounting policies are consistently applicable to the entire period that this parent company only financial statement covers.
3. Some material accounting estimation are used in preparing financial statements based on IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins. When applying the Company's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and

complexity or accounts associated with material assumption and estimation in the parent company only financial statements. Please refer to Note 5 attached.

(3) Foreign currency translation

The Company7 uses the money (i.e., functional currency) of the primary economic environment of its operation for the measurement. This parent company only financial report is presented in New Taiwanese Dollars (NTD), which is the Company's functional and presentation currency.

1. Foreign currency transaction and balance

(1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and aside from deferring those satisfying cash flow risk management and net investment investment to other comprehensive income, the resulting exchange differences are recognized in profit or loss.

(2) Foreign currency monetary assets and liabilities balance is adjusted based on the spot exchange rate on the balance sheet date, and the resulting exchange differences are recognized in current profit or loss.

(3) Foreign currency monetary assets and liabilities balance is adjusted by the spot exchange rate on the balance sheet date, and it is measured at fair value through profit or loss, and therefore, exchange differences generated from the adjustment were recognized as profit or loss. For those measured at fair value through comprehensive income, exchange differences generated from adjustments are recognized in other comprehensive income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.

2. Translation of foreign financial statements

(1) All the company's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

A. The assets and liabilities presented in each balance sheet are exchanged using the spot rate of exchange of the balance sheet.

B. The income and expense of each statement of comprehensive income are translated using the current average exchange rate, and

C. Exchange differences generated from translation are recognized in other comprehensive profit/loss.

(2) Exchange differences of loans of the net investment and long-term investment of foreign operations or other currency instruments designated to be the hedgers of an investment are recognized in other comprehensive income.

(3) When a foreign operation is partially disposed of or sold, exchange difference under other comprehensive income will be be proportionally reclassified in profit and loss to be part of the income or loss from sales.

(4) Goodwill produced from acquiring foreign entities and the fair value adjustment are valued as the assets and liabilities of said foreign entities and the exchange is done using the period-end exchange rate.

(4) Classification of current and non-current assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets:

(1) Assets expected to be realized in the normal operating cycle or intended to be sold or consumed;

(2) Those held primarily for transaction purposes;

(3) Those expected to be realized in 12 months after the balance sheet date;

(4) Cash and cash equivalents, excluding assets to be exchanged or used to pay off liabilities in at least twelve months after the balance sheet date.

The Company classifies all assets not meeting the above criteria as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

(1) Liabilities expected to be paid off in the normal operating cycle;

(2) Liabilities held primarily for transaction purposes;

(3) Liabilities that are to be paid off within 12 months after the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

Classification of liabilities for which, at the option of the counterparty, repayment is required for the issue of equity instruments is not affected.

The Company classifies all liabilities that do not meet the above criteria as non-current.

(5) Cash and cash equivalents

1. Cash and cash equivalents include cash on hand, cash in bank, and other short-term, highly liquid investments that are due in three months starting from the acquisition date.
2. Cash equivalents refer to short-term and highly liquid investments satisfying the following conditions:
   (1) Those can be readily converted to fixed cash;
   (2) Those whose value is minimally affected by interest rate fluctuation.

(6) Financial assets available for sale (accounting policy before January 1, 2018)

1. It refers to non-derivative financial assets that are available for sale or have not been classified into any other categories.
2. The Company uses trade day accounting for available-for-sale financial assets satisfying the accounting practice.
3. The initial recognition is measures at fair value plus transaction costs. Afterward, it is measured at fair value, and changes in fair value are recognized in other comprehensive income. For equity instrument investments not quoted in active markets or derivative instruments associated with this type of equity instruments not quoted in active market price and requiring the delivery of said equity instrument for settlement, when the fair value cannot be reliably measured, the Company states it in "financial assets measured at cost."

(7) Financial assets carried at fair value through other comprehensive income (accounting policy starting from January 1, 2018)

1. It refers to the option of irrevocability at the original recognition that the fair value changes in equity instrument investments not held for transactions or liability instrument investments satisfying the following conditions:
   (1) Financial assets held under the operating model with the purposes of

collecting contract cash flow and for sales;

(2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.

2. The Company adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.

3. The Company at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value.

(1) Changes in the fair value of equity instruments are recognized in other comprehensive income, and before the de-recognition, the accumulated interest or lost previously recognized in other comprehensive income should not be reclassified to income but to be transferred to retained earning. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, the Company shall recognize the amount under profit or loss as dividend income.

(2) Changes in the fair value of debt instruments are recognized in other comprehensive income, and the impairment losses, interest income, and gains or losses on exchange rate of foreign currency exchange are recognized in profit or loss, and at de-recognition, the accumulated gain or loss previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

(8) Loans and receivable (accounting policy before January 1, 2018)

1. Accounts receivable

Accounts receivable are original loans and receivable from customers by selling goods or providing services to customers in the normal course of business. Account receivables are originally recognized at fair value and subsequently measured at amortized cost using the effective interest method, less impairment losses. However, for short-term account receivables without interest payment, because of insignificant effect of discounting, they are measured at the original invoice amount.

2. Debt instrument investment of non-active markets

(1) They refers to non-originated loans and receivables without a quoted active market price. They are debt instrument investments with a fixed or determinable payments and satisfying the following conditions:

A. Not classified for measured at fair value through profit and loss;

B. Not assigned for available for sale;

C.Not causing the owner to fail to recover almost all of the original investment due to factors other than worsened credits.

(2) The Company uses settlement day accounting for debt instrument investment of non-active markets but satisfying the accounting practice.

(3) The original recognition of debt instrument investments of no-active markets is measured at fair value plus the transaction cost, and subsequently, the effective interest method is adopted and the investments are measured at amortized cost less the value after impairment.

Any discount or premium is amortized by the effective interest method and recognized in profit or loss.

(9) Accounts and notes receivable (the accounting policy starting starting from January 1, 2018)

1. This term refers to accounts and notes granting an unconditional right to receive consideration in exchange for transferred goods or rendered services in accordance with the contract.

2. For short-term accounts receivable without interest payment, they are measured at the original invoice amount because of insignificant effect of discounting.

(10) Financial asset impairments

1. Accounting policy before January 1, 2018

(1) The Company at each balance sheet date evaluates the existence of any objective evidence of impairments indicating that one ore more than one events (i.e., loss events) occurred to a given financial asset or a set of financial assets after initial recognition and such impairment may reliably

affect the estimation of future cash flows.

(2) The Company uses the following polices to determine the existence of any objective evidence of impairment losses:

A. Issuers or debtors experiencing any significant financial difficulties;

B. Defaults such as insolvency or delinquency of interest or principal payments;

C. The Company giving concessions, which the Company would not consider otherwise, to the insolvent debtor for economic or legal reasons;

D. Significantly increased chance for the debtor to enter bankruptcy or other financial reorganization;

E. The disappearance of an active market for that financial asset because of financial difficulties;

F. Observable data show that the estimated future cash flows of a group of financial assets has measurable reduction after the original recognition of said group of assets, and even though the reduction can yet be determined to be belonged to a given financial asset of the group, the such data include adverse changes of situation of payments of debtor of said financial asset group or national or regional economic condition related to the default of assets of said financial assets group;

G. Information of material changes in the technology, market, economy, or laws and regulations of the operating environment of the issuer and evidence indicating that the investment cost of that equity investment may be unrecoverable; or

H. Substantial or continuous drop of fair value of equity instrument investment to lower than the cost.

(3) The Group when evaluating the objective evidence of existed impairments and knowing that an impairment loss has already occurred shall treat it as according to the type below:

A. Financial assets measured at amortized cost

The difference between the asset's carrying amount and present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognized as an impairment loss in profit or loss. When the impairment loss reduces in the subsequent period and the reduction can be objectively linked to events occurred after the impairment recognized, this impairment loss is reversed through profit or loss. The previously recognized impairment loss that is within the limit amount of amortized cost of unrecognized impairment loss on the day of reversal shall be reversed in profit or loss. For recognized and reversed impairment losses, an allowance account is used for adjusting the carrying amount of the asset.

B. Financial assets measured at cost

The difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at a similar financial asset's present market return rate is recognized as an impairment loss in profit or loss. This type of impairment losses is not reversible subsequently. For recognized impairment losses, an allowance account is used for adjusting the book value of the asset.

2. Accounting policy starting from January 1, 2018

For debt instrument investment measured at fair value through other comprehensive income, financial assets measured at amortized cost, and accounts receivable or contract assets, rents receivable, loan commitments, financial guarantee contracts, and others containing a significant financial component, the Company on each balance sheet day will consider all reasonable and verifiable information (including prospective information) to routinely measure allowance losses for expected credit loss amount for 12 months for those without significant increase in credit risk after the original recognition. For those with a significant increase in the credit risk after the original recognition, the allowance losses are measured according to the expected credit loss amounts for the life time. For accounts receivable that does not contain a significant financing component, the Company measures the loss allowance at an amount equal to lifetime expected credit loss amounts.

(11) De-recognization of financial assets

If the Company will de-recognize a financial asset if one of the following conditions is met:

1. The contractual rights for cash flows from the financial asset expire.

2. The contractual rights to receive cash flows from the financial asset are transferred, and almost all risks and rewards of the ownership of the financial asset have been transferred.
3. Almost all risks and returns from financial asset ownerships are neither transferred nor retained but the control of the financial assets are not kept.

(12) Inventories

The Company's inventory carry-over is evaluated by the average method. The final inventory is evaluated by cost or the net realizable value whichever is lower. The net realizable value refers to the estimated sale price in the normal course of business, less relevant cost and sale expenses required until the completion of the work. When comparing the cost of inventories and the net realizable value, it is done item by item. The amount of inventory of writing down the cost of inventories to the net realizable value is recognized as the cost of sales.

(13) Investments accounted for using the equity method

When preparing for parent only financial statements, the Company adopts the equity method rating for its controlled investment. 4. In accordance with the equity method, the profit or loss and other comprehensive income of the parent company only financial report should be the same as the share of the profit or loss and other comprehensive income belonging to the owner of the parent company in the consolidated financial report. The owner's equity in the parent company only financial report should be the same as the equity belonging to the owner of the parent company in the financial report prepared based on this foundation.

The Company's changes in the ownership and equity of the subsidiaries that do not lead to the loss control are treated as equity transaction among the owners.

(14) Leases

1. According to the conditions of lease contracts, when the Company bears almost all risks and returns of the lease ownership, the lease will be classified as finance lease.
   (1) When the lease begins, it is recognized as assets and liabilities according to the fair value of the leased asset or the present value of the minimum lease payment, whichever is lower.
   (2) Subsequent minimum lease payments are allocated to the financial cost and used for reducing unpaid debts. The financial cost is amortized over the periods during the lease period to have a fixed interest rate over the period calculated using the debt balance.
   (3) Property assets and plants and equipment acquired under finance lease are depreciated by the useful life of the assets. If whether the Company will acquired the ownership at the end of the lease period cannot be reasonably confirmed, the asset shall be depreciated according to the useful life of the asset or the lease period, whichever is shorter.
2. The payments of operating lease less any incentives received from the lessor are recognized in profit or loss on a straight-line basis over the term of the lease.

(15) Property, plants, and equipment

1. Property assets, plants, and equipment are carried at acquisition cost, and the related interests during the construction period are capitalized.
2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Company, and the cost of this item can be reliably measured. The carrying amount of the replaced part should be derecognized. All other repair and maintenance expenses are recognized in current income when they are incurred.
3. Property assets, plants, and equipment are measured subsequently using the cost model. Except land, which is not depreciated, all others are depreciated by the straight-line method according to the estimated useful lives. Significant

components of property assets, plants, and equipment should be depreciated separately. The Company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment. The useful lives of assets are listed below:

Machines and equipment	3 to 5 years
Transportation equipment	5 years
Office equipment	3 to 10 years
Leasehold improvements	5 years
Other facilities	2 to 6 years

(16) Investment property

Investment properties are recognized by the acquisition cost and subsequently measured by the cost model. Except lands, depreciation is appropriated using the straight-line method according to the estimated useful years, and the maximum useful years are 50 years.

(17) None-financial asset impairments

The Company estimates the recoverable amount for assets showing impairments at the balance sheet day, and when the recoverable amount of an asset is lower than the book value, it will be recognized in impairment losses. The recoverable amount refers to the higher of fair value less costs to sell and value in use. Aside from goodwill, when an asset impairment loss recognized the year before disappears or decreases, reverse the impairment loss, but the increase to the carrying amount of the asset due to the reversal does not exceed the amount (less amortization or depreciation) that has no impairment loss recognized for the assets in previous years.

(18) Loans

Borrowings are recognized initially at fair value, net of transaction costs incurred and subsequently, any difference between the proceeds (net of transaction costs) and the redemption value is measured at amortized cost using the effective interests method.

2. For setting up the expenses paid for the amount of loans, if there is a good possibility of drawing part or all of the amount, then the expenses are recognized as the transaction cost of loans and is deferred to the occurrence of the use of the loans to be recognized as adjustment of effective interest rates. If it is unlikely to draw part or all of the amount, it should be recognized as prepayments of the expenses and be amortized during the period related to the amount.

(19) Accounts and notes payable

Accounts and notes payable refer payment obligations from acquiring goods or labor from vendors in the normal course of business. Accounts and notes payable is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts receivable without interest payment, because of insignificant effect of discounting, they are subsequently measured at the original invoice amount.

(20) Liability reserve

Liability reserve refers to current statutory or constructive obligation due to past event and is very likely to repay said liability by the outflow of resources with economic benefits and the amount of the liability is recognized when it can be reliably estimated. The measurement of liability reserve uses the best estimated current value of the expense for paying the liability on the balance sheet date, and for the discount rate, the Company uses the the pre-tax discount rate of current market assessments of the time value of money and liability specific risks, and amortized discounts are recognized in interest expenses. Future operating losses cannot be recognized in liability reserve.

(21) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at undiscounted amount of prospective payment and are recognized as expenses when related services are rendered.

2. Retirement allowance

   Defined contribution plans (DCP)

   For defined contribution plans, the contribution amounts for pension are recognized in the current pension expense when they are due on the accrual basis. Prepaid contributions are recognized as assets to the extent of refundable cash or reduction in future payment.

3. Resignation pay

   Resignation pay is fringe benefit for terminating the hiring of an employee before the normal retirement date or when an employee decide to accept the company's offering of benefit in exchange for terminating the employment. The Company recognizes the expenses when the offer of resignation pay becomes irrevocable or when recognizing related restructuring cost, whichever happens first. Benefits that are not expected to be fully paid off in 12 months after the balance sheet date are discounted.

4. Employee bonuses and director and supervisor remuneration

   Employees' bonuses and directors' and directors and supervisors' remuneration are legal or constructive obligations and are recognized in expenses and liabilities when the amount can be reasonably estimated. Deviation between estimated and actual distribution amount resolved in the shareholders' meeting shall be treated in accordance with changes in accounting estimates.

(22) Employee share-based payment

Share-based payment agreement of equity settlement is offered on the grant date for acquired employees' labor measured at fair value of the equity merchandise and is recognized in compensatory cost over the vesting period with a corresponding adjustment to equity. The fair value of equity merchandise reflects the effects of the vesting condition and non-market based vesting condition. The recognized compensatory cost is adjusted according to the amount of rewards expected to satisfy the service conditions and the non-market based vesting condition and the final recognized amount is the vesting amount on the vesting date.

(23) Income tax

1. Income tax expense Income tax is recognized either in the income statement or in equity if it relates to items that are recognized in other comprehensive income or directly in equity.
2. The Company calculates the current income tax using tax rates enacted or substantively enacted by the balance sheet date of the country generating the taxable income from operations Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulation and if applicable shall make tax payment to the tax authorities based on the estimated income tax liabilities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution.
3. For deferred tax, the balance sheet liability method is adopted, and it is recognized using the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) is affected at the time of the transaction. For temporary differences generated from investing in subsidiaries and associates, they are not recognized if the Company is capable of controlling the time point of reversal of the temporary differences and the temporary differences may not be reversed in the foreseeable future.

   Deferred tax is determined using tax rates (and tax laws) enacted or substantively enacted by the balance sheet day and are expected to be used for realizing deferred tax assets or repaying deferred tax liabilities.

4. Deferred tax assets are recognized to the extent when they are highly likely to be used to offset future taxable income, and unrecognized and already recognized deferred income tax assets should be re-evaluated on each balance sheet day.
5. Recognized current income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the intent is to to settle on a net basis or to realize the asset and settle the liability simultaneously and the net amount has to be stated in the balance sheet. Deferred income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the deferred income tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intend to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.
6. Tax credit accounting treatment is adopted for tax preferences from purchasing equipment or technology, research and development expenditure, and equity investment.
7. Income Basic Tax Act was enacted on January 1, 2006 and the calculation is based on the taxable income amount regulated by the Income Tax Act plus the tax deduction the Company is entitled according to the Income Tax Act and other laws, and the basic tax amount is calculated using the tax rate stipulated by the Executive Yuan. The basic tax amount is compared with the tax amount calculated according to the Income Tax Act to choose whichever higher for paying the income tax of the year. The Company has take the above into consideration for the current income tax.

(24) Income recognition (accounting policy before January 1, 2018)

The Company is primarily involved in electronic components and related products manufacturing and sales. Revenue is the fair value of the consideration received or receivable from selling goods to customers outside the Company in normal business activities and the net amount is stated less the business tax, sales return, volume discounts, and discounts. Revenue is recognized after rendering services or delivering goods sold to the buyers and moreover, the sales amount can be reliably measured and future economic benefits are very likely to flow into the company. Goods delivery incurred when ownership related significant risks and rewards have been transferred to customers, the Company neither continues to participate in the management of the goods nor maintains effective control, the customer accepts the goods according to the sales contract, or there is any objective evidence indicating that all terms and conditions of product acceptance are met.

(25) Customer contract income (accounting policy starting from January 1, 2018)

Income is measured at the consideration of expected ownership from transfer of goods, and the Company recognizes it in income when the control of goods is transferred to customers and performance obligation is satisfied.

1. Product sales

The Company recognizes income when the control of goods is transferred to customers and performance obligation is satisfied. The transfer of control of products refers to delivering products to the customer and there is no more not performed obligation affecting the customer’s acceptance of said products. Delivery refers to customers accepting products according to the transaction conditions and obsolescence and risk of loss have been transferred to the customer. Moreover, the Company has objective evidence to consider that the time point of all inspection conditions have been satisfied.

The Company recognizes the accounts receivable when delivering the products because the Company at the time point has the right to the consideration.

2.Financial components

The Company’s expected time point for transferring products to customers is not separated from the customer’s time point of payment for products for more than one year. Therefore, the Company does not adjust the time value of money of the transaction price.

3. Customer contract acquisition cost

The Company’s incremental cost incurred from acquiring customer contracts is expected to be recoverable, but because the related contract period is shorter than one year, the cost is recognized as expenses when the cost incurs.

(26) Operations department

The Company has disclosed segment information in this financial statement, and therefore the parent-company-only financial statement will not disclose the segment information.

(27) Earnings per share

The Company lists out the basic and the dilutive earnings per share (EPS) of the Company's common share equity holders. The Company's basic earning per shares are calculated by having the equity of the equity holders of the Company's common shares divided by the weighted average of the number of outstanding common shares. For diluted earning per shares, the equity of the equity holders of the Company's common shares and the weighted average of the number of outstanding common shares are respectively adjusted by all effects of the potential dilutive common shares before the calculation. The Company's potential dilutive common shares are stock option certificates granted to employees.

5. Critical accounting judgments and key sources of assumption and estimates uncertainty

When preparing this parent company only financial statements, the Company's management has applied its judgment on determining the accounting policies used and made accounting estimates and assumptions based on reasonable expectation of future events according to the conditions at the balance sheet date. Accounting estimations and assumptions may be significantly different from the actual results, and therefore, experiences and other factors are continuously evaluated and adjusted. Uncertainty of material accounting judgments, estimations, and assumptions are described below:

(1) Critical judgments adopted by accounting policies

None

(2) Critical accounting estimates and assumptions

The Company's accounting estimates are based the reasonable expectation of a future event with the consideration of the condition of the specific day. Nevertheless, the actual results may be different from the estimates, resulting in estimation and assumption of the risk of significant adjustments of the carrying amount for the assets and liabilities of the following financial year. Please refer to the following description.

Inventory evaluation

Because inventories are evaluated using the cost or the net realizable value whichever is lower, the Company has to apply judgment and estimation to determine the net realizable value of inventories at the balance sheet date. Because of fast technology advancement, the Company's evaluates the amount of normal deterioration, obsolescence, or no market sale price of inventories at the balance sheet date and the inventory cost is written down to the net realizable value. The inventory evaluation is estimated mainly based on the product demand of a specific period in future, and therefore, significant changes may happen.

Until December 31, 2018, the carrying amount of the Company's inventories was NTD 2,663,000.

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2018		December 31, 2017	
Cash in treasury and working funds	$	193	$	711
Checking deposits and demand deposits		29,817		30,590
Total	$	30,010	$	31,301

1. The Company places cash and deposits with multiple reputable banks and financial institutions to disperse the credit risk, and therefore, the probability of occurrence of default is very low. The greatest credit risk exposure at the balance sheet date is the carrying amount of cash and cash equivalents.
2. The Company does not pledge its cash and cash equivalents to others.

(2) Financial assets carried at fair value through other comprehensive income: 2018

Item	December 31, 2018	
Non-current items:		
Equity instruments		
Unlisted stocks and non-emerging stocks	$	--

1. The above-mentioned equity instruments held by the Company are for long-term

strategic investment instead of for trading purposes, and therefore, they are carried at fair value through other comprehensive income.

2. The above-mentioned investment is initially classified as financial assets carried at cost in accordance with IAS39. For the reclassification, please refer to Item 2 of Note 3(1).
3. The Company does not pledge the financial assets carried at fair value through other comprehensive income.
4. For credit risk related information, please refer to 12(3).

(3) Financial assets carried at cost: 2017

Item	December 31, 2017
Domestic non-listed/non-emerging stocks	$ --
Foreign non-listed stocks/non-emerging stocks	306
Subtotal	306
Less: Accumulated impairment losses	(306)
Total	$ --
Current	$ --
Non-current	--
Total	$ --

1. The above-mentioned stock investment held by the Company is carried at the cost on the closing date of the reported period, net of the accumulated impairment losses. Because this investment is not openly traded in an active market, its fair value cannot be reasonably and reliably measured, and as a result, this stock investment is classified into the financial assets carried at cost.
2. The Company's Jianbang Venture Capital Company and Hongbang Venture Capital Company, the invested companies of financial assets carried at cost were resolved for liquidation at the Company's improvised shareholders' meeting, and a total of NTD 1,068,000 of cash returned from liquidation was received. Therefore, the cost of financial assets carried at cost and the accumulated impairments were reduced by NTD 4,906,000 and NTD 4,182,000 respectively and NTD 344,000 was recognized as gain on reversal of impairment loss.
3. The Company did not recognize impairment losses on financial assets in 2017.

4. The Company does not pledge the financial assets carried at cost.

(4) Accounts and notes receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 244	$ 454
Less: Allowance for loss	--	--
Total	$ 244	$ 454
Account receivables	$ 118,191	$ 154,993
Accounts receivable - related parties	139,484	152,817
Less: Loss allowance	(38,892)	(67,285)
Less: Allowance for loss - related parties	(20,300)	(20,300)
Total	$ 198,483	$ 220,225

1. 2018

(1) The average loan period of the Company's accounts receivable is 120 days and with no interest charged.

(2) The greatest credit risk exposure of the Company's accounts and notes receivable on December 31, 2018 is the carrying amount of the accounts and notes receivable of each class.

(3) The Company measures the loss allowance for the accounts and notes receivable in accordance with the provision matrix. See below:

December 31, 2018	Expected credit losses	Total carrying amount	Allowance for loss	Amoritized cost
Not overdue	20%	$ 217,039	($ 18,312)	$ 198,727
Overdue for less than one month	100%	538	(538)	--
Overdue for one to three months	100%	257	(257)	--
Overdue for three to six months	100%	539	(539)	--
Overdue for more than six months	100%	39,546	(39,546)	--
Total		$ 257,919	($ 59,192)	$ 198,727

(4) Changes in the allowance for loss for accounts receivables:

	January 1 to December 31, 2018
Balance, January 1, 2018 (IAS39)	$ 87,585
IFRS9 adjustments of accounting are applied retrospectively.	--
Balance, January 1, 2018 (IFRS9)	$ 87,585

Noncollectable receivable written off	(	28,393)
Balance, December 31, 2018	$	59,192

The Company's non-reversal impairment loss of this period comes from customers with doubtful credits, and accounts receivable loss allowance was prepared by taking the possibility of recovery into account. Please refer to Note 9, (1), 2, and 3 for more details.

(5) For credit risk related information, please refer to Note 12(3).

2. 2017

(1) The Company's average loan period of product sales is 120 days. No interest is charged for accounts receivable. When determining the recoverability of accounts and notes receivable, the Company take all changes in the credit quality from the initial credit date to the end day of the period of the statement of the accounts and note receivable. Loss allowance is based on estimating the amount not recoverable according to results from aging analysis and customers' financial condition analysis.

(2) The Company's aging information of accounts receivable and notes receivable at December 31, 2017 is presented below:

	December 31, 2017	
Neither past due nor impaired	$	220,678
Not past due but impaired		18,487
Past due for less than 180 days		1,618
Past due for 181 to 270 days		305
Past due for more than 271 days		67,176
Total	$	308,264

(3) Past due aging analysis of accounts and notes receivable past due but not impaired:

	December 31, 2017	
Less than 180 days	$	--
181 to 270 days		--
More than 271 days		--
Total	$	--

(4) Changes in the allowance for loss for accounts and notes receivables:

	Individual evaluation of impairment loss	Group evaluation of impairment loss	Total

Balance, January 1, 2017	$ 94,003	$ --	$ 94,003
Non-collectable receivable written off	(6,418)	--	(6,418)
Balance, December 31, 2017	$ 87,585	$ --	$ 87,585

(5) The greatest credit risk exposure of the Company's accounts and notes receivable on December 31, 2017 is the carrying amount of the accounts and notes receivable.

(5) Other accounts receivable

	December 31, 2018	December 31, 2017
Other accounts receivable	$ 206,098	$ 206,414
Other accounts receivable - related parties	3,228	667
Less: Allowance for loss	(205,848)	(205,848)
Total	$ 3,478	$ 1,233

For other accounts receivable, please refer to Notes 9, (1), and 2 and 3.

(6) Financial assets transfer

The Company has signed the non-resource accounts receivable purchase agreement with Bank SinoPac and receive an advance pay of 80% of the net amount of the accounts receivable from the Bank in accordance with the contract. Related information is presented below:

December 31, 2015

Factoring target	Factoring receivable Account amount	De-recognized amount	Quota	Already received advance payment	Advance payment Balance	Range of interest rates of already received amount
YANG HWA TECHNOLOGY CO.,	$ 47,691	$ 38,000	$ 38,000	$ 38,000	$ 36,216	1.55%

As of December 31, 2018, there was still NTD 45,691,000 of accounts receivable sold, and it is not recoverable yet because of YANG HWA TECHNOLOGY CORPORATION's financial difficulties. Please see Notes 9, (1), and 2 for more details.

(7) Inventories

	December 31, 2018	December 31, 2017
Product inventories	$ 82,620	$ 121,493

Less: Allowance for inventory valuation and obsolescence losses	(79,957)	(115,642)
Net	$ 2,663	$ 5,851

1. Recognized inventory-related expenses

	2018	2017
Cost of inventory sold	$ 237,175	$ 295,163
Gain from price recovery for invento valuation and obsolescence losses	(35,684)	--
Loss on inventory write-off	33,010	--
Total	$ 234,501	$ 295,163

2. As of December 31, 2018, the Company's LED wafer and wafer product inventories totaled to NTD 46,034,000. The Company's evaluation showed that the possibility of not completing the transaction of LED wafer and wafer products is extremely high, while the probability of resale is extremely low, and therefore, the Company recognized these product inventories in 2016 as 100% allowance for impairment losses. In 2018, the Company generated gain on recovery of inventories write-off of NTD 33,010,000. The evaluation on inventory aging and future economic value showed another NTD 2674,000 gain on recovery can be generated.

3. The above inventories are not used for guarantee provision.

(8) Investments accounted for using equity method

Unlisted stocks and non-emerging stocks:

	December 31, 2018		December 31, 2017	
Investees	Amount	% share-holding	Amount	% share-holding
Hong Kong Bull Will Holdings	($ 92,389)	100	($ 71,765)	100
BULL WILL TRADING(S) PTE LTD	4,279	48.95	--	--
	($ 88,110)		($ 71,765)	

1. Basic information of major associates of the Company is presented below:

Company name	Primary business venue	Measurement
Hong Kong Bull Will Holdings	Hong Kong	Equity method
BULL WILL TRADING(S) PTE LTD	Singapore	Equity method

2. Summarized financial information of major associates of the Company is presented below:

Balance sheets

	Hong Kong Bull Will Holdings	
	December 31, 2018	December 31, 2017
Current asset	$ 3	$ 3
Non-current assets	--	--
Current liabilities	--	--
Non-current liabilities	(91,430)	(70,928)
Total net assets	($ 91,427)	($ 70,925)
Shares of the net assets of the associa	($ 91,427)	($ 70,925)
Goodwill	--	--
Book value of the associate	($ 91,427)	($ 70,925)

Statements of comprehensive income

	Hong Kong Bull Will Holdings	
	2018	2017
Income	$ --	$ --
Current net losses	(20,254)	(6,076)
Other comprehensive income (net of income tax)	(249)	3,933
Total current comprehensive income	($ 20,503)	($ 2,143)
Dividends from associates	$ --	$ --

Balance sheets

	BULL WILL TRADING(S) PTE LTD	
	December 31, 2018	December 31, 2017
Current asset	$ 12,124	$ --
Non-current assets	--	--
Current liabilities	3,382	--
Non-current liabilities	--	--
Total net assets	$ 8,742	$ --
Shares of the net assets of the associa	$ 8,742	$ --
Goodwill	--	--
Book value of the associate	$ 8,742	$ --

Statements of comprehensive income

	BULL WILL TRADING(S) PTE LTD	
	2018	2017
Income	$ 231,568	$ --
Net income from continuing operations for this year	5,501	--
Other comprehensive income (net of income tax)	--	--

Total comprehensive income for the year	$ 5,501	$ --
Dividends from associates	$ --	$ --

3. The Company invested BULL WILL TRADING(S) PTE LTD. as resolved by the board of directs on April 27, 2018 and acquired 70% of the equity by investing NTD1,563,800 on June 15, 2018. BULL WILL TRADING(S) PTE LTD. Implemented capital increase by cash on September 7, 2018, and because the Company did not subscribe the shares in accordance with the original shareholding, the shareholding dropped from 70% to 48.95%. Consequently, the Company does not have control over BULL WILL TRADING(S) PTE LTD. but have significant influence. Therefore, the investment is accounted for using the equity method. The Company's loss of control due to changes in shareholding was recognized as disposal of investment loss at prices of NTD 323,000 in 2018.
4. The Company's investment of BULL WILL TRADING(S) PTE LTD. accounted for the equity method is acquired from the financial statements and evaluation of the same year by other accountants. The share of profit of associate accounted for using the equity method from January 1 to December 31, 2018 is NTD3,018,000.
5. The Company holds 100% equity in Serial Investment Co., Ltd. (Hong Kong) through Bull Will Holdings (Hong Kong). For the reinvestment of Serial Investment Co., Ltd. (Hong Kong), please refer to Note 13 attached.
6. The Company generates deferred gross trading profits from selling goods to its subsidiaries is accounted as a deduction on investments accounted for the equity method, and as of December 31, 2016 and 2017, the deferred gross trading profits decreased investments accounted for using the equity method of NTD 962,000 and NTD 840,000 respectively.

(9) Property assets, plants, and equipment

	Machines and equipment servicing and maintenance procedure	Transportation equipment	Office equipment	Other	Total
Cost					
Balance, January 1, 2017	$ 4,345	$ 530	$ 29,402	$ 23,237	$ 57,514
Add	--	--	--	--	--
Balance, December 31, 2017	4,345	530	29,402	23,237	57,514
Add	--	--	114	--	114
Balance, December 31, 2018	$ 4,345	$ 530	$ 29,516	$ 23,237	$ 57,628

	Machines and equipment	Transportation equipment	Office equipment	Other	Total
Depreciation and impairment loss					
Balance, January 1, 2017	$ 4,265	$ 530	$ 23,327	$ 22,587	$ 50,709
Depreciation of this year	40	--	1,112	305	1,457
Balance, December 31, 2017	4,305	530	24,439	22,892	52,166
Depreciation of this year	36	--	1,080	202	1,318
Balance, December 31, 2018	$ 4,341	$ 530	$ 25,519	$ 23,094	$ 53,484
Carrying amount					
December 31, 2017	$ 40	$ --	$ 4,963	$ 345	$ 5,348
December 31, 2018	$ 4	$ --	$ 3,997	$ 143	$ 4,144

1. The Company implemented impairment assessment on property, plants, and equipment, and no impairment loss was recognized for 2017 and 2018, and as of December 31 2017 and 2018, no accumulated impairment was recognized.
2. The Company does not use property, plants, and equipment for mortgage guarantee.

(10) Investment property

	Land	Buildings and structures	Total
Cost			
Balance, January 1, 2017	$ 17,103	$ 7,454	$ 24,557
Balance, December 31, 2017	17,103	7,454	24,557

	Land	Buildings and structures	Total
Disposal	(900)	(392)	(1,292)
Balance, December 31, 2018	$ 16,203	$ 7,062	$ 23,265

	Land	Buildings and structures	Total
Depreciation and impairment loss			
Balance, January 1, 2017	$ --	$ 1,933	$ 1,933
Depreciation of this year	--	146	146
Balance, December 31, 2017	--	2,079	2,079
Depreciation of this year	--	139	139
Disposal of this year	--	(110)	(110)
Balance, December 31, 2018	$ --	$ 2,108	$ 2,108
Carrying amount			
December 31, 2017	$ 17,103	$ 5,375	$ 22,478
December 31, 2018	$ 16,203	$ 4,954	$ 21,157

1. Rent income from investment property and direct operating expenses

	2018	2017
Rent income from investment property	$ 718	$ 881
	$ 292	$ 309

2. The fair value of the Company's real property for investment is based on the latest actual transaction prices in the real estate registration record for the neighboring area, and the the total of the fair value is NTD 25,380,000.
3. The use of property for investment for mortgage guarantee is shown in Note 8.

(11) Other financial assets: current

	December 31, 2018	December 31, 2017
Pledged deposit	$ 150	$ 150
Demand deposit with restriction	5,398	9,440
Total	$ 5,548	$ 9,590

3. The use of other financial assets for pledge is shown in Note 8.

(12) Accounts receivable

	December 31, 2018	December 31, 2017
Accounts payable	$ 24,352	$ 33,787
Accounts payable - related parties	4	--
Total	$ 24,356	$ 33,787

(13) Long-term borrowings

Item	December 31, 2018	December 31, 2017

Starting from August 2016, the collateralize is paid back each month and will be paid back in full in July 2019. The floating interest rate for 2018 and December 31, 2017 was 2.74%.	$ 11,947	$ 32,174
	11,947	32,174
Less: Current portion of loans payable	(11,947)	(20,227)
Total	$ --	$ 11,947

1. The repayment date for the above loans is presented below:

Term to maturity	Amount
Matured in July 2019	$ 11,947

2. For collaterals of the above-mentioned borrowings, please refer to Note 8.
3. The quota of each bank is not the amount that the Company can use unconditionally. The ultimate loan approval is based on the corresponding bank.

(14) Retirement allowance

Defined contribution plans (DCP)

According to employee's option for the labor pension system stipulated by the Labor Pension Act, the Company each month contributes to the Labor Pension Fund at the rate of 6% of employees' monthly wages, and in 2018 and 2017 the Company has appropriated NTD 1,117,000 and NTD 1,196,000 respectively and saved in the employees' retirement pension personal accounts.

(15) Liability reserve

	Liability reserve for employee benefits
Balance, January 1, 2017	$ 1,041
Liability reserve of current changes	(106)
Balance, December 31, 2017	935
Liability reserve of current change	(12)
Balance, December 31, 2018	$ 923

Analysis of the liability reserve is presented below:

	December 31, 2018	December 31, 2017
Current	$ 923	$ 935
Non-current	$ --	$ --

(16) Share-based payment

1. The Company's employee stock option certificates are issued on December 19,

2007, May 19, 2011, and May 19, 2015 with approval from the competent authority, and the total units issued were 5,396,000 units, 6,900,000 units, and 6,550,000 units respectively. One share can be subscribed per unit of the employee stock option certificate, and the subscription price is the closing price of the issuance of Japanese company common shares. It was expected to delivery by issuing new stock. Stock subscription conditions are as follows:

(1) Subscription price:

A. Stock issuance approved on December 19, 2007: The original subscription price per share was NTD 8.8, and because the Company raising capital by issuing new shares on July 31 and October 23, 2009 and June 14, 2010 and carrying out capital reduction for covering deficits on August 17, 2012, the subscription price of each share was adjusted to NTD 14.2. For the capital increase in October 2, 2017, the price was adjusted to NTD 9.8.

B. Stock issuance approved on May 19, 2011: The subscription price of each share was NTD 10. Because of capital increase on October 2, 2017, the price was adjusted to NTD 7.1.

C. Stock issuance approved on May 19, 2015: The subscription price of each share was NTD 13.25.

(2) Duration of right

A. Stock subscribers when granted for employee stock option certificates for two years can exercise 50% of the right accumulatively; 3 years, 75%; 4 years and after, 100%. During the lifetime of the issued stock warrants of 2007, 2011, and 2015 is 10 years, 7 years, and 7 years respectively. The stock warrants and the equity cannot be transferred, pledged, or bestowed to others or be disposed by other methods except succession.

B. For stock subscribers when granted by the Company for the employee stock option certificates, if they violate the employment contract or job regulation, make any gross negligence, or have a low work performance, the Company has the right to retrieve and cancel the stock warrants that have not been exercised yet.

As of December 31, 2018, more than 18,846,000 shares have been issued because of the employee stock option certificates, and because of employee resignation or end of employment term, 5,761,000 shares have been canceled according to the issuance guidelines. 5,440,000 shares were canceled because of employees' voluntary waiver, 1,514,000 shares became invalid because of the expiration of the right. As of December 31, 2018, 6,131,000 shares have been accumulatively converted to common shares, and there was no outstanding employee stock option.

2. As of December 31, 2018, the number of plans related to the issuance of the compensation-type of employee stock option certificates and the subscription price are summarized below:

Date of stock warrant certificate issuance	Total units issued (1,000 shares)	Total outstanding units (1,000 shares)	Number of shares for subscription (1,000 shares)	Date starting exercising the stock option	Last day for stock option	Subscription price (NTD) (Note 1)	Current common stock market price	
							Highest	Lowest
96.12.20	5,396	--	--	98.12.20	106.12.19	9.80	4.48	1.94
100.05.24	6,900	--	--	102.05.24	107.05.23	7.10	4.48	1.94
104.05.19	6,550	--	--	106.05.19	111.05.18	13.25	4.48	1.94

(Note 1) After issuing employee stock option certificates, whenever there is any changes in the Company's common stock, the stock subscription price is adjusted by the issuance of employee stock option certificates and the stock option guidelines.

(1) Information related to stock option certificates issued on December 19, 2007 is presented below:

	January 1 to December 31, 2017	
	Unit (1,000)	Exercise price (NTD)
Beginning balance	129	$ 9.8
Issued this period	--	
Invalid because of resignation	--	
Expired this period	(129)	
Converted this period	--	
Closing balance	--	

In 2007, the exercise price of employee stock certificate was equal to the market price of each share at the measurement date. Therefore, the compensation cost recognized in 2017 was NTD 0, which was expired on December 19, 2017.

(2) Information related to stock option certificates issued on May 19, 2011 is presented below:

	January 1 to December 31, 2018		January 1 to December 31, 2017	
	Unit (1,000)	Exercise price (NTD)	Unit (1,000)	Exercise price (NTD)
Beginning balance	1,423	$ --	1,473	$ 7.1
Issued this period	--		--	
Invalid because of resignation	(38)		(50)	
Expired this period	(1,385)		--	
Closing balance	--		1,423	

The compensatory cost recognized as of December 31, 2018 and 2017 for employee stock option certificates issued in 2011 was NTD 0, and because the additional paid in capital generated from stock option certificates was both NTD 7,965,000, the certificates were expired when the exercise period ends on May 24, 2018.

3. Method of evaluation and assumption of stock certificates issued on May 19, 2011 are presented below:

		May 19, 2011 Stock option certificate issuance
Evaluation model	Black-Scholes option pricing model	
Assumption	Expected interest rates	0%
	Volatility	34.44%
	No-risk interest rates	1.13%
	Expected lifetime (starting from the issuance date)	1.54

(17) Capital stocks

1. At January 1, 2017, the Company’s authorized capital was NTD 2,050,000,000, and the paid-in capital was NTD729,364,000. The par value was NTD10, and the actually issued number of share was 72,946,000 (all common stock).

Resolved on July 13, 2017 by the Company’s Board of Directors, the Company adopted private fundraising to carry out cash capital increase by issuing new stock (38,400,000 share) in accordance with Article 43-6 of the Securities and Exchange Act. The par value was NTD 10, and they were issued at a discount (NTD 1.5 per share). A total of NTD 57,600,000 was raised from private fundraising, and the Company has completed the registration for the change.

As of December 31, 2018, the Company's authorized capital was NTD 2,050,000,000, and the paid-in capital was NTD729,364,000. The par value was NTD10, and the actually issued number of share was 111,336,000 (all common stock).

2. Information of the Company's issuance of employee stock option certificate is presented in Note 6(16).

3. Reconciliation of the Company's common stock outstanding at the beginning and the end of the reporting period is as follows:

	2018	2017
Balance, January 1	111,336,000 shares	72,936 shares
Cash capital increase - private fundraising	--	38,400 shares
Balance, December 31	111,336 shares	111,336 shares

(18) Capital surplus

	December 31, 2018	December 31, 2017
Additional paid-in capital in excess of par	$ 35,341	$ 35,341
Compensatory cost recognized for employee stock option	7,965	7,965
	$ 43,306	$ 43,306

In accordance with the Company Act, except income from issuing stock at prices excess of par value (including issuing common shares at prices excess of par value, premium on capital stock of stock issued for capital, difference from converting convertible bonds, and premium on treasury stock sold) and capital surplus generated from donation that can be appropriated for capital or cash dividend distribution, all others can only be used for offsetting the company's deficit.

(19) Retained earnings

1. Legal reserve

In accordance with the Company Act, 10% of the balance of the Company's earning before tax less deficits from the previous years should be appropriated as the legal reserve before the distribution until the amount of the legal reserve is equal to the total capital. Legal reserve according to law is used for covering deficits, but when the reserve appropriated has reached 25% of the paid-in capital, the reminder can be distributed as new stock or cash dividends according to shareholder meeting resolution.

2. Special reserve

According to authorities-in-charge of securities, if the Company has exchange differences on translation of foreign financial statements, unrealized gain or loss on available-for-sale financial assets, or other deduction to equity, appropriate a special reserve of an equal amount satisfying the following quota before earning distribution:

(1) For the amount of other deduction to equity incurred in the reporting year, the special reserve appropriated should not exceed the total of the earning after tax of the year and the retained earnings from prior years.

(2) For the amount of other deduction of equity incurred in prior years, it should not exceed the accumulated retained earning from prior years less the the amount appropriated in (1).

(3) If there is any reversal in other deduction to equity, the reversed portion should be used for earning distribution.

3. Earning distribution

If there is net income in the Company's final account at the end of year, accumulated deficits (including the amount of the adjusted unappropriated retained earning) should be covered first and 10% of the reminder should be appropriated as the legal reserve unless the accumulated legal reserve has reached the total paid-in capital of the Company. Secondly, special reserve should be allocated or reversed according to laws, regulations, or the competent authority's stipulation. For the remaining earnings, together with the undistributed earnings at the beginning of the period (including the adjusting the non-distributed amount of earnings), the Board of Directors shall propose earnings distribution at the shareholders' meeting to have the resolution of dividends and bonuses distribution among shareholders approved.

4. Dividend policy

The Company's dividend policy is drawn based on the current and future development plans, the investment environment, fund requirements, overseas competition, and shareholders' interest. Each year, no lower than 30% of the allocable earnings is used for shareholder dividend distribution, except when the accumulated allocable earning is not lower than 10% of the paid-up share capital. Shareholder dividends are distributed by cash or stock, and cash dividend should be no lower than 50% of the stock dividend.

5. Information regarding employee compensation and director and supervisor remuneration are presented in Note 6(25).

(20) Other equity items

	Exchange differences on translation of foreign Financial statements	Unrealized gains (losses) of financial assets are measured at fair value through other comprehensive income	Total
January 1, 2017	$ 3,892	$ --	$ 3,892
Foreign currency translation difference: associates	3,934	--	3,934
Income tax effects	(669)	--	(669)
December 31, 2017	7,157	--	7,157
Foreign currency translation difference: associates	(65)	--	(65)
Income tax effects	(82)	--	(82)
Transfer out to retained earnings because of adjustment on valuation	--	(306)	(306)
December 31, 2018	$ 7,010	($ 306)	$ 6,704

(21) Operation revenue

	2018	2017
Electronic components revenue	$ 268,781	$ 333,662

(22) Other income

	2018	2017
Interest income	$ 83	$ 72

	2018	2017
Rental income	1,261	1,428
Other income - others	175	182
Total	$ 1,519	$ 1,682

(23) Other gains and losses

	2018	2017
Financial asset impairment reversal gain	$ --	$ 344
Net gain (loss) on foreign currency exchange	7,957	(15,358)
Miscellaneous disbursements	(124)	(226)
Disposal of investment property gain	108	--
Loss on disposal of investment	(323)	--
Total	$ 7,618	($ 15,240)

(24) Addition information on costs and expenses

	2018			2017		
	Under operating cost	Under operating cost	Total	Under operating cost	Under operating cost	Total
Employee benefit expense	$ --	$ 25,902	$ 25,902	$ --	$ 28,081	$ 28,081
Depreciation	--	1,457	1,457	--	1,603	1,603
Amortization cost	--	--	--	--	--	--

(25) Employee benefit expense

	2018	2017
Wages and Salaries	$ 20,712	$ 22,190
Health and labor insurance expense	1,840	1,943
Pension expense	1,117	1,196
Director compensation	1,228	1,180
Other hiring expenses	1,005	1,117
Total	$ 25,902	$ 28,081

1. If the Company has profits in this year, no lower than 5% should be allocated for employee compensation and no more than 3% for directors and supervisors remuneration. However, if the Company has accumulated deficit, the priority is to allocate an amount to offset the deficit first. The said employee compensation can be paid in the form of stock or cash, and the recipient of the payment include employees of the subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned

Directors/Supervisors can only be paid in the form of cash.

2. The Company estimated NTD 0 for employees compensation and directors and supervisors remuneration for both 2016 and 2017, and the amount was estimated based on the profitability of the reporting period.

   The number of shares distributed as stock dividends is calculated based on the closing price of the day before the Board of Directors' resolution and the effect of ex-right is taken into consideration. Deviation between estimated and actual distribution amount resolved in the shareholders' meeting shall be listed as gain or loss of the next year.

3. Information on employee compensation and directors and supervisors remuneration approved by the Company's Board of Directors and the shareholders' meeting is posted on the Market Observation Post System.

(26) Financial cost

	2018	2017
Interest expense:		
Long-term borrowings from banks	$ 1,181	$ 2,270
Borrowings by related parties	--	737
Financial cost	$ 1,181	$ 3,007

(23) Income tax

1. Income tax expenses

   (1) Components of income tax expense:

	2018	2017
Income tax expense	$ --	$ --
Deferred income tax expense related to origination and reversal of temporary differences	5,942	20,055
Deferred income tax related to origination and reversal of tax losses	(4,512)	2,889
Income tax expenses	$ 1,430	$ 22,944

   (2) Income tax expense related to other comprehensive income components:

	2018	2017
Exchange differences on translation of foreign financial statements	($ 82)	$ 669

2. Reconciliation between income tax expense and accounting profit:

	2018	2017
Accounting profits	($ 19,596)	($ 32,750)

Tax applied to 20% and 17% tax rates	(3,919)	(5,568)
Effects of tax of income tax reconciliation:		
Permanent differences	3,040	272
Changes in tax losses of unrecognized deferred income tax assets	3,968	4,643
Changes in unrecognized temporary differences	(1,659)	23,597
Income tax expenses	$ 1,430	$ 22,944

3. Details of deferred income tax assets:

2018	Balance, January 1	Recognized in profit and loss	Recognized in others Comprehensive income	December 31 Balance
Deferred tax assets				
Unrealized exchange gain or loss	$ 1,268	($ 1,248)	$ --	$ 20
Account receivables	17,669	5,577	--	23,246
Inventories	16,853	(5,466)	--	11,387
Financial assets measured at fair value through other comprehensive income	52	9	--	61
Exchange differences on translation of foreign financial statements	(1,528)	(302)	82	(1,748)
Total deferred income tax assets	$ 34,314	($ 1,430)	$ 82	$ 32,966

2017	Balance, January 1	Recognized in profit and loss	Recognized in others Comprehensive income	December 31 Balance
Deferred tax assets				
Unrealized exchange gain or loss	($ 198)	$ 1,466	$ --	$ 1,268
Account receivables	50,149	(32,480)	--	17,669

Inventories	8,072	8,781	--	16,853
Financial assets measured at cost	763	(711)	--	52
Exchange differences on translation of foreign financial statements	(859)	--	(669)	(1,528)
Total deferred income tax assets	$ 57,927	($ 22,944)	($ 669)	$ 34,314

The Company on December 31, 2018 recognized a deferred income tax asset of NTD 32,966,000 because management considered that adequate taxable income is very likely to be generated in future and evaluated and determined that the economic trend of electronic components may rebound and the operations and development of the subsidiaries and the invested companies are becoming more and more stable, management considered that the above amount should be recognized as income tax assets.

4 Items not recognized as deferred income tax assets in the balance sheet

Loss deduction	December 31, 2018	December 31, 2017
Less than one year	$ --	$ 1,396
More than 1 year but less than 5 years	6,679	5,677
More than 5 years	12,130	6,922
	$ 18,809	$ 13,995

Deductible temporary differences	December 31, 2018	December 31, 2017
Investments accounted for using the equity method	$ 89,369	$ 73,034
Inventory valuation and obsolescence loss	4,797	2,949
Account receivables	34,868	31,410
Loss on disposal of investment	65	--
	$ 129,099	$ 107,393

5. As of December 31, 2018, the deferred income tax assets of the income tax payable of following years that can be used by the Company as loss deduction are summarized below:

Term to maturity	Loss deduction
2021	$ 6,679
2026	2,681
2027	5,481
2028	3,968

Total	$ 18,809

6. The Company's profit-seeking enterprise income tax has been authorized by the tax authorities to 2017.
7. According to the amended articles of the Income Tax Act announced in February 7, 2018, the Company starting form 2018 will have the profit-seeking enterprise income tax adjusted from 17% to 20% and the profit-seeking income tax imposed on the un-appropriated retained earning will be reduced from 10% to 5%.

(28) Earnings per share

	2018		
	Amount after tax	Weighted-average number of shares outstanding (1,000 shares)	Loss per share (NTD)
Basic earnings per share			
Current net loss for the Company's common stock shareholders	($ 21,026)	111,336	($ 0.19)

Diluted earnings per share

None

	2017		
	Amount after tax	Weighted-average number of shares outstanding (1,000 shares)	Loss per share (NTD)
Basic earnings per share			
Current net loss for the Company's common stock shareholders	($ 55,694)	82,405	($ 0.68)

Diluted earnings per share

None

(29) Operating lease

The Company needs to rent offices, warehouses, and vehicles for business purposes for the operations, and the term of the leases differ from one to five years. The total amount of future minimum lease payments are as follows:

	December 31, 2018		December 31, 2017	
Less than one year	$	2,570	$	91
More than 1 year but less than 5 years		2,661		--
More than 5 years		--		--
	$	5,231	$	91

(7) Transactions with related parties

The Company's transactions with related parties are as follows:

(1) Name of the related parties and the relations

Name of the related parties	Relations with the Company
	Entities evaluating the Company by
	the equity method
	Companies controlled by Serial
Serial Technology Corporation (Serial Technology)	Technology Corporation
Serial Technology Corporation (Serial Technology)	Companies controlled by Serial
Serial Investment Limited (Serial Investment)	Technology Corporation
Hong Kong Serial Electronics Corporation (Hong	Companies controlled by Serial
Kong Serial Electronics)	Technology Corporation
Singapore Serial Electronics Corporation	Companies controlled by Serial
(Singapore Serial Electronics)	Technology Corporation
BULL WILL Electronics Co., Ltd. (Bull Will	Companies controlled by Serial
Electronics)	Technology Corporation
Huizhou Jun Chao Electronic Co., Ltd. (Huizhou	The Company's subsidiary
Jun Chao)	The Company's subsidiary
Huizhou Bullwill Electronic Co., Ltd.	The Company's subsidiary
Dongguan Zhao Kang Electronic Co., Ltd.	The Company's subsidiary
SIGCUS USA INC. (SIGCUS)	The Company's subsidiary
Visco International Co., Ltd. (VISCO)	The Company's subsidiary

(2) Significant transactions between the Company and the subsidiaries

1. Merchandise sales

	2018		2017	
Subsidiary	$	13,355	$	40,701
Huizhou Jun Chao		56,304		74,354
Associate		120		55
Total	$	69,779	$	115,110

(1) The sales price and credit conditions of the related parties of the Company's merchandise sales are similar to general transactions.

(2) In 2018 and 2017 the Company's unrealized gain from sales generated

from merchandise sales to related parties were NTD 12,292,000 and NTD 14,936,000 respectively, while the realized gross profits were NTD 12,170,000 and 15,324,000 respectively.

2.2. Purchases

	2018	2017
Subsidiary	$ 340	$ 275
Huizhou Jun Chao	134,193	147,083
Associate	86	997
Total	$ 134,619	$ 148,355

The payment conditions of the Company's purchasing from related parties are similar to general transactions.

3. Other transaction matters

	2018	2017
Rental income		
Hong Kong Serial Electronics Corporation	$ 542	$ 547

Hong Kong Serial Co., rent the office from the Company, and the payment condition is to collect the payment by the end of each month.

	2018	2017
Rent expenses		
Serial Investment	$ 2,151	$ 2,151

The Company rent its Taipei Office with Serial Investment, and the payment condition to to make payment on the sixth day each month.

	2018	2017
Interest expense		
Serial Technology	$ --	$ 392
Singapore Serial Electronics	--	345
Total	$ --	$ 737

4. Accounts receivable

	December 31, 2018	December 31, 2017
Bull Will Electronics	$ 25,006	$ 22,390
Huizhou Jun Chao	79,588	88,494
SIGCUS	34,763	37,779
Subsidiary	52	4,154
Associate	75	--
Total	$ 139,484	$ 152,817

The amount of accounts receivables with an age exceeding the normal credit period was NTD 107,808,000.

5. Other receivable

December 31, 2018 December 31, 2017

Bull Will Electronics	$ 44	$ 217
Huizhou Bull Will	3,132	291
Hong Kong Serial	--	134
Subsidiary	52	25
Total	$ 3,228	$ 667

6. Prepayments to suppliers

	December 31, 2018	December 31, 2017
Huizhou Jun Chao	$ 3,113	$ 3,157

7. Payment on behave of others

	December 31, 2018	December 31, 2017
Associate	$ --	$ 271

8. Guarantee deposits paid

	December 31, 2018	December 31, 2017
Serial Investment	$ 358	$ 358

9. Trade accounts payable

	December 31, 2018	December 31, 2017
Associate	$ 4	$ --

10. Other payable

	December 31, 2018	December 31, 2017
Subsidiary	$ 736	$ --
Associate	188	154
Total	$ 924	$ 154

11. Payment on behave of others

	December 31, 2018	December 31, 2017
Huizhou Bull Will	$ --	$ 36
Huizhou Jun Chao	--	46
Dongguan Chaokang	143	37
Total	$ 143	$ 119

(3) Primary management remuneration and compensation information

	2018	2017
Compensation and other short-term employee benefits	$ 6,781	$ 8,060
Resignation pay	--	--
Post-retirement benefits	217	272
Other long-term employee benefits	--	--
Share-based payment	--	--
Total	$ 6,998	$ 8,332

8. Pledged assets

Assets	For guarantee purposes	Book value December 31, 2018		Book value December 31, 2017	
Other financial assets - current	Long and short-term secured loans	$	5,398	$	9,440
Other financial assets - current	Credit gasoline filling		100		100
Other financial assets - current	Imported goods post-release duty payment		50		50
Investment property					
Land	Long and short-term secured loans		16,203		17,103
Buildings and structures	Long and short-term secured loans		4,954		5,375
Total		$	26,705	$	32,068

9. Major undertakings and contingencies

(1) Major undertakings and contingencies

1. The Company's previous chairperson of the board Ho Yi-qin was prosecuted by Taiwan New Taipei District Prosecutors Office because of Yang Hwa Technology Corporation, and the case has entered into the substantive trial. The Company and transactions related to the case were started since 2013, and the amount of transactions since 2013 and the closing balance are disclosed below.

	2015		2014		2013	
Sales revenue	$	447,986	$	605,073	$	133,282
Cost of sales	(	426,402)	(	567,614)	(	125,286)
Merchandise sales	$	21,584	$	37,459	$	7,996

	December 31, 2015		December 31, 2014		December 31, 2013	
Accounts receivable (including other receivable)	$	235,054	$	239,367	$	139,947
Less: Allowance for doubtful accounts	(	61,855)		--		--
	$	173,199	$	239,367	$	139,947
Inventories	$	46,234	$	--	$	--

Less: Allowance for inventory valuation losses	(30,052)	--	--
	$ 16,182	$ --	$ --

The above accounts receivable (including other receivable) and inventories have been listed as losses on March 31, 2016.

2. The Company applied for trading credit insurance compensation with Tokio Marine New Insurance ("Insurance Company") on January 30, 2017. The overdue of the accounts receivable of the Company in 2015 was NTD 183,403,000 in total, and the insurance company will compensate 90% of the amount (reparation, NTD 165,063,000), which will be recognized as other accounts receivable. For this insurance claim, because the insurance company has no definite reparation plan and time to provide the reparation, the Company applied for arbitration with Chinese Arbitration Association on July 12 2017, and the arbitration will be carried out once the arbitrator is selected or appointed. For the conservation purpose, the amount of reparation receivable was all appropriated for allowance for doubtful accounts, and once the arbitration is settled and the reparation is obtained, the amount will be reversed.

   The Company has also signed the non-resource accounts receivable purchase agreement with Bank SinoPac and there is still NTD 45,691,000 from the accounts receivable of Yang Hwa Technology Corporation sold that is not yet recovered, and for this amount, the Company has received an advance payment of NTD 36,216,000 from Bank SinoPac and it is recorded in "other accounts payable" and other accounts receivable belongs to insurance reparation is NTD 40,785,000, and an allowance for doubtful accounts has been set up for this amount. The Company acquired Yan Hwa Technology Corporation's certificate of obligatory claim on January 23, 2019.

3. The Company has a lawsuit with Ote Power Corp for loan repayment, and on June 6, 2018 the Company won the case in the first trial. Ote Power Corp made an appeal on June 14, 2018. As of December 31, 2018, the Company's accounts receivable from trading with Ote Power Corp reached a total of NTD 13,750,000, and an allowance was established for doubtful accounts

for 100% of the accounts receivable.

4. Securities and Futures Investors Protection Center on February 17, 2017 in accordance with Securities Investor and Futures Trader Protection Act sued Ho Qing-yi, the previous person in charge of the Company, and related people for violating the Securities and Exchange Act and requested for compensation of NTD 113,710,000. The Company has purchased the liability insurance according to Article 39 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies for an insurance amount of USD 5,000,000. The Company has entrusted a lawyer to handle related matters, and the case is now in legal proceedings.

(2) Undertakings

1. Operating lease agreement

   Please refer to Note 6(29).

2. As of December 31, 2018, the Company has provided the Customs with certificates of deposit for the post-release duty payment of imported goods for NTD 50,000.

10. Significant casualty losses: None

11. Major events after the reporting period: None

12. Others

(1) The Company's Board of Directors has resolved on March 30, 2018 to expand the operations scale in 2018 by introducing strategic partners for investments or merging new business development for the Company's long-term operations. To add the Company's operations funds, repay loans, save interest expenses, and improve financial structure to reduce the Company's financial operation risk, the Company has planned to adopt Article 43.6 of the Securities and Exchange Act to raise funds by private fundraising. For the private fundraising through cash capital increase and new stock issuance, the face value of each share is NTD 10.00 and the total number of share issued does not exceed _____ shares, and the issuance has been authorized toe the Board of Directors to issue the shares

several times in a year.

(2) Capital risk management

The Company's capital management objectives are to secure the Company's ability to continue as a going concern, maintain the optimal capital structure for reducing the cost of capital, and to provide returns to our shareholders. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares or sell assets to reduce the liabilities. The Company manages the assets by routinely evaluating the debt to assets ratio. The Company's capital is stated as "total equity" in the balance sheet, and is also the total assets less the total liabilities. At December 31 2018 and 2017, the Company's debt to assets ratios are as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 170,373	$ 182,788
Total assets	$ 302,918	$ 336,506
Debt to assets ratio	56%	54%

(3) Financial risks of financial instruments

1. Types of financial instruments

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets measured at fair value through other comprehensive income		
Selecting designated equity instrument investment	$ --	$ --
Financial assets available for sale		
Financial assets measured at cost	$ --	$ --
Financial assets, loans, and receivable measured at amortized cost		
Cash and cash equivalents	$ 30,010	$ 31,301
Notes receivable	244	454
Account receivables	79,299	87,708
Other accounts receivable	250	566
Other financial assets	5,548	9,590

	December 31, 2018		December 31, 2017	
Guarantee deposits paid		760		1,110
	$	116,111	$	130,729

Financial liabilities				
Financial liabilities measured at amortized cost				
Short-term borrowings	$	--	$	--
Accounts payable		24,352		33,787
Other accounts payable		43,094		43,051
Long-term borrowings (including the current portion of long-term debt payable)		11,947		32,174
	$	79,393	$	109,012

2. Financial risk management objectives and policies

The Company's primary financial instruments include equity investment, notes receivable, accounts receivable, other accounts receivable, other financial assets, guarantee deposits paid, bank loans, accounts payable, and other payable.

The Company's objective are to management operating activities related market risk, credit risk, and liquidity risk and to identify, measure, and manage above-mentioned risk according to policies and risk preferences.

For the Company's financial risk management, the Company has referred to related regulations and specifications to establish appropriate policies, procedures, and internal control and important financial activities have to be reviewed by the Board of Directors according to related regulations and specifications as well as the internal control system.

During the financial management activity implementation period, the Company should authentically follow the established financial risk management related regulations and rules.

To reduce and to manage related financial risks, the Company has worked on analyzing, identifying, evaluating adverse effects of financial risk related factors on the Company's finance and proposing related programs to avoid adverse factors generated from financial risks.

(1) Market risk

The Company's market risk refers to market price changes induced risk to the fair value or cash flow volatility. Market risk includes primarily exchange rate risk, interest rate risk, and other price risk.

In practice, it is rare to see changes in only one risk variable, and changes in risk variables are often associated. Nonetheless, for the following risk sensitivity analysis, interactions among related risk variables are not taken into consideration.

A. Foreign exchange rate risk

The Company's foreign exchange rate risk is primarily associated with operating activities (when the currency of revenue or expenses is different from the Company's functional currency) and foreign operating entities' net investment.

The Company's foreign currency accounts receivable and payable are of the same currency. Natural risk avoidance effect is generated from similar positions, but these natural risk avoidance methods do not satisfy hedge accounting regulations. Therefore, hedge accounting was not adopted. In addition, foreign operating entities' net investment is strategic investment, and as a result, the Company did not manage the risk.

The Company's primary exchange rate risk comes from cash denominated in foreign currencies, accounts receivable, accounts receivable-net value of related parties, other accounts receivable, other accounts receivable - related parties, bank loans, accounts payable, and other accounts payable. They generate foreign currency exchange gain/loss at the exchange.

The unrealized exchange gain/loss of the Company's currency items due to exchange rate volatility is presented below:

	2018		
	Foreign currencies (NTD1,000)	Exchange rate	Unrealized exchange gain or loss (NTD)
Financial assets			
Currency item			

USD:NTD	$ 7,957	30.7200	($	176)
RMB:NTD	36	4.4730		8
HKD:NTD	21	3.9240		2
KRW:NTD	55	0.0277		--
SGD:NTD	1	22.5000	(	1)
Financial liabilities				
Currency item				
USD:NTD	440	30.7200		53
RMB:NTD	42	4.4730		--
HKD:NTD	10	3.9240		--

	2017			
	Foreign currencies (NTD1,000)	Exchange rate	Unrealized exchange gain or loss (NTD)	
Financial assets				
Currency item				
USD:NTD	$ 8,470	29.7800	($	7,724)
RMB:NTD	118	4.5730		--
HKD:NTD	71	3.8150	(	6)
KRW:NTD	55	0.0281		--
SGD:NTD	1	22.3100	(	1)
Financial liabilities				
Currency item				
USD:NTD	651	29.7800		247
RMB:NTD	64	4.5730		1
HKD:NTD	350	3.8150		27

The Company's exchange rate sensitivity analysis is focused on major foreign currency items at the closing date of the financial report period for related foreign currency appreciation/depreciation on the Company's gain and loss and the equity.

Sensitivity analysis is based on the Company's assets and liabilities denominated by non-functional currencies of exposed to major exchange rate volatility risk at the balance sheet date.

	December 31, 2018					
				Sensitivity analysis		
	Foreign currency	Exchange rate	Carrying amount (NTD)	Degree of variation	Effect on profit and loss	Other comprehen sive profit and loss effect
Financial ass						

Currency iter						
USD	$ 7,957	30.7200	$ 244,439	5%	$ 12,222	$ --
RMB	36	4.4730	161	5%	8	--
HKD	21	3.9240	82	5%	4	--
KRW	55	0.0277	2	5%	--	--
SGD	1	22.5000	23	5%	1	--
Financial liabilities						
Currency iter						
USD	440	30.7200	13,517	5%	676	--
RMB	42	4.4730	188	5%	9	--
HKD	10	3.9240	39	5%	2	--

	December 31, 2017					
				Sensitivity analysis		
	Foreign currency	Exchange rate	Carrying amount (NTD)	Degree of variation	Profit and loss effect	Other comprehensive profit and loss effect
Financial ass						
Currency iter						
USD	$ 8,470	29.7800	$ 252,237	5%	$ 12,612	$ --
RMB	118	4.5730	540	5%	27	--
HKD	71	3.8150	271	5%	14	--
KRW	55	0.0281	2	5%	--	--
SGD	1	22.3100	22	5%	1	--
Financial liabilities						
Currency iter						
USD	651	29.7800	19,387	5%	969	--
RMB	64	4.5730	293	5%	15	--
HKD	350	3.8150	1,335	5%	67	--

B. Interest rate risk

Interest rate risk refers to risk due to market interest rate changes induced volatility of fair value or future cash flow of financial instruments. The Company’s interest rate risk is primarily linked to floating interest rate loans. The Company adopts consistent floating interest rate combination to manage interest rate risk. The Company routinely evaluate the risk management activity to make sure that they align with the interest rate viewpoints and the existing risk preferences to ensure that the adopted risk management strategy best satisfies with the cost benefit.

The Company's financial assets and liability interest rates exposed to risk are described in the liquidity risk of the attached note.

Sensitivity analysis is determined by the interest rate risk exposure at the end of the reporting period of the financial instruments.

For floating interest rate liabilities, they were analyzed by assuming that at the end of the reporting period, outstanding liabilities were outstanding throughout the entire year. Internally, the Company report changes to the interest rate that are increased or decreased by 1% to the major management. This means that management evaluates the range of reasonable possible changes of the interest rates.

If the interest rate is increased or decreased by 1% but all other variables remain the same, the Company's net loss at December 31, 2018 and 2017 will increased by NTD 119,000 and decreased by NTD 322,000 respectively, and theses are mainly due to changes in the interest rates of the Company's loans.

(2) Credit risk

Credit risk refers to financial loss risk from a transaction counterparty's failure in fulfilling obligations listed in the contract. The Company's credit risk is mainly caused by operating activities (primarily from notes and accounts receivable) and financial activities (primarily from bank deposits and various financial instruments).

All divisions of the Company comply with the credit risk policies, procedure, and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria.

The Company's accounts receivable is mainly from payments for goods from selling goods to customers, and according to the experience of collecting payments from customers, the Company management's evaluation showed no major credit risk.

The Company's finance department follows the Company's policy for managing credit risk of bank deposits, fixed rate bonds, and other financial instruments. Determined by the internal controlled procedure, the The Company's counterparties are banks with a good credit rating, financial institutions, companies, and government agencies of a investment grade, there is no significant credit risk.

(3) Liquidity risk

Liquidity risk refers to the risk of the Company's failure of paying cash, using other financial assets to repay financial liabilities, or fulfilling other obligation.

The Company uses management and maintaining sufficient cash and cash equivalents to support changes on the Company's operations and reduce cash flow volatility. The Company's management supervises the use condition of the bank financing amount and make sure that the terms and conditions of the loan contracts are observed.

Bank loans are an important source of liquidity of the Company. As of December 31, 2018 and 2017, the Company has not used the bank financing amount.

Liquidity and interest rate risk table

The following table shows that the Company has analyzed contract expiration of the remaining non-derivative financial liabilities of the contractual repayment period, and it is prepared according to the earliest date the Company may be asked for repayment and the non-discounting cash flow of financial liabilities, including the cash flow of interest and the principal paid by floating interest rates but excluding the probability of banks exercising its right to ask the Company to make repayment immediately.

December 31, 2018				
Less than 1 year	1 to 3 yea	3 to 5 yea	More thai 5 years	Total

Non-derivative financial liabilities:					
Accounts payable (including related parties')	$ 24,356	$ --	$ --	$ --	$ 24,356
Accounts payable (including related parties')	44,018	--	--	--	44,018
Long-term borrowings (including the current portion of long-term debt payable)	12,056	--	--	--	12,056
	$ 80,430	$ --	$ --	$ --	$ 80,430

	December 31, 2017				
	Less than 1 year	1 to 3 yea	3 to 5 yea	More thai 5 years	Total
Non-derivative financial liabilities:					
Accounts payable (including related parties')	$ 33,787	$ --	$ --	$ --	$ 33,787
Accounts payable (including related parties')	43,205	--	--	--	43,205
Long-term borrowings (including the current portion of long-term debt payable)	20,856	12,050	--	--	32,906
	$ 97,848	$ 12,050	$ --	$ --	$ 109,898

The amount of floating interest rate instruments of the above-mentioned non-derivatives financial liabilities changes because of the floating interest rate differs from the estimated interest rate at the end of the reporting period.

(4) Fair value information

1. The various levels of valuation techniques adopted for measuring fair value of financial and non-financial instruments are defined below:

Level 1: The input value of this level is open quoted prices (unadjusted) in active markets for identical assets or liabilities. Activate markets refer to markets satisfying all of the following conditions: Intentional buyers and sellers are readily available in the market and the price information is available to the public. The fair value of the Company's listed/emerged stock investment and beneficiary certificate investment is Level 1.

Level 2: It refers to direct (e.g., price) or indirect (e.g., inferred from price) observable inputs of assets or liabilities, in addition to observable prices of open quoted prices included in Level 1. The fair value of the Company's convertible bonds, and their callable right and redemption rights is level 2.

Level 3: The input value of this level are not the input value of assets or liabilities based on observable market information.

As of December 31, 2018, the Company has no financial or non-financial instruments measured at fair value.

2. Financial instruments not measured at fair value

For cash and cash equivalents, notes receivable, accounts payable, other receivable, other financial assets, refundable deposits, bank loans, notes payable, accounts payable and other payable, the carrying amount is reasonably close to their fair value.

4. The Company classifies financial and non-financial instruments measured at fair value based on the nature, characteristics, risk, and fair value of the assets and liabilities. Related information is presented below:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Fair value on a recurring basis				
Financial assets measured at fair value through other comprehensive income				

Unlisted stocks and non-emerging stocks	$ --	$ --	$ --	$ --

(4) The methods and assumptions adopted by the Company for fair value measurement are described below:

(1) For the Company's TWSE and TPEx listed stock and beneficiary certificates, the closing price and the net value respectively to be the fair value input value (i.e., Level 1).

(2) For financial instruments that are not of active markets, their fair value is obtained by rating technology or referring to the quoted price of trading counterparties. When using rating technology to obtain the fair value, the current fair value of financial instruments of a similar substantive conditions and characteristics, the cash flow discounting method, and other rating technologies, including the using of the computation model and market information at the balance sheet date obtained for calculation, are referred to.

(3) The output of evaluation models are approximated estimates and rating technology may not be able to reflect all relevant factors of the Company's financial instruments and non-financial instruments. Therefore, the estimates of the evaluation model may be appropriately adjusted according to additional parameters, such as modeling risk and liquidity risk. According to the Company's fair value rating model management policies and related control policies, management believes that to appropriately express the fair value of financial instruments and non-financial instruments of this balance sheet, rating adjustment is suitable and necessary. The price value and parameters used in the evaluation process have been prudently evaluated and adjusted according to the market condition.

5. From January 1 to December 31, 2018 and 2017, there was no transferring between Level 1 or Level 2 fair value measurement.

6. Changes in Level 3

	2018
January 1	$ --
Profit recognized in other comprehensive income	--
December 31	$ --

7. The Company's evaluation procedure of Level 3 fair value is performed by the financial department, which carry out the fair value verification of financial instruments by using data of independent sources for the evaluation result to close to the market condition and to ensure that the data source is independent, reliable, consistent with other resources, and representing executable prices. The department also routinely calibrate the evaluation model, perform backtesting, updating the input and information for the evaluation model, and adjusting any other necessary fair value for obtaining reasonable evaluation results.
8. Quantitative information of significant unobservable input of Level 3 fair value measurement

	December 31, 2018 Fair value	Evaluation technology	Significant unobservable input value	Input value and fair value relation
Non-derivative equity instruments				
Japan's Bull Will stock	$ --	Net asset value method	Not applicable	Not applicable

13. Additional disclosure

(1) Information related to material transactions

Number	Item	Description
1	Loans to others	**None**
2	Endorsement provided to others	**None**
3	Marketable securities held period end	Table 1
4	Marketable securities acquired and disposed of at costs or prices of at least NTD 300 million or 20% of the paid-in capital:	**None**
5	Properties acquired at costs or prices of at least NTD 300 million or 20% of the paid-in capital:	**None**
6	Properties acquired at costs or prices of at least NTD 300 million or 20% of the paid-in capital:	**None**
7	Total purchases from or sales to related parties of at least NTD 100 million or 20% of the paid-in capital: None.	Table 2
8	Receivable from related parties amounts to at least NTD 100 million	**None**

	or 20% of the paid-in capital.	
9	Engagement in derivative instruments:	**None**

(2) Re-investment related information: Table 3

(3) Investment in mainland China: Table 4

Table 1

Marketable securities held at end of reporting period (excluding investments in subsidiaries, associates, and joint ventures):

Unit: NTD 1,000

Companies held	Marketable securities types	Marketable securities name	Relation to the issuer of the marketable securities	Account	Period				Note	
					Number of shares(1,000 shares) or Number of units (per 1,000)	Carrying amount (Note 2)	% shareholding	Fair value	Guarantee provision	Loan amount
BULL WILL CO., LTD.	Stock	Japan Bull Will Corporation	**None**	Note 1	--	$	18	$	--	$

Note 1: Financial assets (non-current) measured at fair value through other comprehensive income

Note 2: Amount with accumulated impairment deducted already

Table 2

Total purchases from or sales to related parties of at least NTD100 million or 20% of the paid-in capital:

Unit: NTD 1,000

Company the goods are purchased from (sold to)	Counterparty	Relation	Transaction condition				Condition and reasons for transaction conditions differ from those of generation transactions (Note 1)		Accounts and notes receivable (payable)		Notes (Note 2)
			Goods purchased (sold)	Amount	% of total goods purchased (sold) Ratio	Credit period	Unit price ($)	Credit period	Balance	% total notes receivable and accounts receivable	
The Company	Huizhou Jun Chao Electronics Corporation (Huizhou Jun Chao)	Subsidiary	Purchase	$ 134,193	58%	Open account 150 days	$	--	$	--	Notes 2-1

Note 1: If the transaction conditions with a related person are different from the general transaction conditions, the differences and causes should be listed in the unit price and the credit period section.

Note 2: If there is any advances paid or received, provide the reason, contractual terms and conditions, amount, and differences from the generation transaction in the additional remarks section.

Note 2-1: Because of the operating requirements, the Group provide the subsidiary Huizhou Jun Chao Electronics Corporation material purchasing and processing money, and therefore, there is a balance of prepayments for purchases of NTD 3,113,000, which is similar to the general type of transactions.

Note 3: Paid-in capital refers to the paid-in capital of the parent company. If the shares issued by an issuer have no par value or a par value other than NTD10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent company as stated in the balance sheet.

Table 3. Re-investment related information

Information of investment companies that BULL WILL CO., LTD. has the ability to control or to exert influences (excluding investment companies in mainland China):

Unit: NTD 1000

Investment company	Investee	Location	Primary business items	Initial investment amount		End of the reporting period			Investee Current profit and loss	Recognized investment income (loss)	Note
				Ending of this reporting period	Ending of last reporting period	Number of shares (1000 shares)	%	Carrying amount			
BULL WILL CO., LTD.	Hong Kong Bull Will Holdings	Hong Kong	General investment business	$ 347,735 (HKD 86,165 USD 355)	$ 347,735 (HKD 86,165 USD 355)	10,374	100	($ 92,389)	($ 20,254)	($ 20,254)	Subsidiary
BULL WILL CO., LTD.	BULL WILL TRADING(S) PTE LTD	Singapore	Precious metal trading	$ 1,564 (SGD 70)	-	70	48.95	4,279	5,501	3,018	Investment accounted for using the equity method
Hong Kong Bull Will Holdings	Hong Kong Serial Investment Limited	Hong Kong	General investment business	$ 347,727 (HKD 86,165 USD 355)	$ 347,727 (HKD 86,165 USD 355)	10,374	100	(91,430)	(20,253)	(20,253)	Subsidiary
Hong Kong Serial Investment Limited	BULL WILL Electronics Corporation (Bull Will Electronics)	British Virgin Islands	Agent of the Company's products	$ 69,290 (HKD 16,950)	$ 69,290 (HKD 16,950)	2	100	(32,814)	(6,471)	(6,471)	Subsidiary
Hong Kong Serial Investment Limited	Visco International Co., Ltd.	Belize	General investment business	$ 11,564 (USD 355)	$ 11,564 (USD 355)	355	55	(19,092)	(80)	(44)	Subsidiary
Visco International Co., Ltd.	SIGCUS USA INC. (SIGCUS)	USA	TV trading	$ 610 (USD 20)	$ 610 (USD 20)	1,000	100	(53,829)	(55)	(55)	Subsidiary

Table 4 Investment in mainland China: Unit: NTD 1,000

Investee in mainland China	Primary business items	Paid-in capital	Investment method (Note 1)	Period beginning accumulated investment amount remitted outward from Taiwan	Investment amount remitted outward or recovered this period		Period end accumulated investment amount remitted outward from Taiwan	Investee Current profit and loss	The Company's direct or indirect investment % shareholding	Recognized investment income or loss	Period end investment book value	As of this period end investment income remitted back	Note
					Remitted out	Recovered							

Huizhou Jun Chao Electronics Corporation	Agent of the Company's product manufacturing	$ 51,403 (HKD 13,000)	(2)	$ 47,151 (HKD 12,050)	$	$	$ 47,151 (HKD 12,050)	($ 15,828)	100%	($ 15,828)	$ 102,103)	$	Note 2 (2)C
Dongguan Chaokang Electronics Corporation	Agent of the Company's products	35,738 (HKD 9,000)	(2)	35,738 (HKD 9,000)	--	--	35,738 (HKD 9,000)	(1,293)	100%	(1,293)	38,264	--	Note 2 (2)C
Huizhou BULL WILL Electronics Corporation	Agent of the Company's product manufacturing	19,102 (HKD 5,000)	(2)	19,102 (HKD 5,000)	--	--	19,102 (HKD 5,000)	2,984	100%	2,984	5,569	--	Note 2 (2)C
Huizhou Bai Qin Electronics Corporation	Agent of the Company's product manufacturing	78,092 (HKD 20,400)	(2)	78,092 (HKD 20,400)	--	--	78,092 (HKD 20,400)	(92)	100%	(92)	110	--	Note 2 (2)C

Period end accumulated investment amount remitted from Taiwan to mainland China	Investment amount approved by Investment Commission of the Ministry of Economic Affairs (MOEAIC)	In accordance with the quota stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAIC) for investment in mainland China (Note 4)
$307,603 (USD700 HKD72,910)	$307,603 (USD 700 HKD 72,910)	$79,527

Note 1: There are three types of investment methods, and it is required to specify the type.

(1) Direct investment in mainland China

(2) Re-investment through a company in a third place.

(3) Other methods

Note 2: For amount recognized in the space for investment income:

(1) Please note if the investment is still under preparation so there is no investment income and loss.

(2) There are three bases for investment income and loss recognition, and they should be noted as follows.

A. Financial statements audited and certified by an international CPA office collaborating with ROC CPA offices.

B. Financial statements audited and certified by CPA of the ROC parent company.

C. Financial statement rating certified by CPA by investment companies during the same period.

Note 3: Numbers shown in this table are in NTD.

Note 4: For companies that are not small or medium scale companies, the limit is either the net value or 6% of the consolidated net value, whichever is higher.

Note 5: The Company invests in companies in mainland China through Hong Kong Serial Investment Limited, which is held by Hong Kong Bull Will Holdings.

14. Segment information

Please refer to 2018 consolidated financial statements.

BULL WILL CO., LTD.

Statement of Cash and Cash Equivalents

December 31, 2018

Unit: NTD 1,000

Customer	Abstract	Amount	Note
Cash in treasury			
Petty cash and working funds		$ 193	
Bank deposits interest			
Checking deposits		7	
Demand deposits		3,808	
Foreign currency deposit (Note 1)		26,002	
Subtotal		29,817	
Total		$ 30,010	

Note 1: Foreign currency demand deposit:

HKD 17,000 (Exchange rate: 3.924)

USD 844,000 (Exchange rate: 30.72)

SGD 1,000 (Exchange rate: 22.50)

Statements of Notes Receivable

December 31, 2018

Unit: NTD 1,000

Customer	Abstract	Amount	Note
Non-related party:			
A0136		$ 20	
D0059		91	
D0062		57	
D0460		76	
Total		$ 244	

BULL WILL CO., LTD.

Statement of Accounts Receivable

December 31, 2018

Unit: NTD 1,000

Customer	Abstract	Amount	Note
Non-related party:			
D0008A		$ 21,996	
D0008E		8,464	
D0013C		11,504	
D0416		23,246	
D0508		13,750	
Others		39,231	For remaining customers, none of them has exceeded 5% of this account.
Subtotal		118,191	
Less: Allowance for doubtful accounts		(38,892)	
Net		$ 79,299	
Related party:			
Dongguan Chaokang Electronics Corporation		($ 74)	
BULL WILL Electronics Corporation (Bull Will Electronics)		25,006	
Huizhou BULL WILL Electronics Corporation		126	
Huizhou Jun Chao Electronics Corporation		79,588	
Singapore Serial		75	
SIGCUS USA INC.		34,763	
Subtotal		139,484	
Less: Allowance for doubtful accounts		(20,300)	
Net		$ 119,184	

BULL WILL CO., LTD.

Statement of Other Accounts Receivable

December 31, 2018

Unit: NTD 1,000

Item	Abstract	Amount	Note
Advance payment from outstanding receivable		$ 40,785	
Insurance reparation		165,063	
Income tax refund receivable		250	
Less: Allowance for doubtful accounts		(205,848)	
Total		$ 250	
Related party:			
BULL WILL Electronics Corporation		$ 45	
Huizhou BULL WILL Electronics Corporation		3,131	
Visco International Co., Ltd.		52	
Total		$ 3,228	

List of inventories

December 31, 2018

Unit: NTD 1,000

Item	Abstract	Amount		Note
		Cost	Net realizable value	
Merchandise		$ 82,620	$ 83,508	
Less: Allowance for inventory valuation and obsolescence losses		(79,957)		
Net		$ 2,663		

BULL WILL CO., LTD.

List of prepayments

December 31, 2018

Unit: NTD 1,000

Item	Abstract	Amount	Note
Prepayments:			
Pre-paid expenses (Note 1)		$ 228	
Prepayments for purchases		3,125	
Offset against business tax payable		112	
Total		$ 3,465	

Note 1: None of the items have a balance exceeding 5% of the balance of this account.

List of Other Financial Assets - Current

December 31, 2018

Unit: NTD 1,000

Item	Abstract	Amount		Note
Other financial assets	Bank deposit: preparation of outstanding accounts	$	5,398	
	Pledged certificate deposit		150	
Total		$	5,548	

BULL WILL CO., LTD.

List of Changes of Financial Assets Carried at Cost - Non-Current

January 1 to December 31, 2018

Unit: NTD 1,000

Investee	Beginning balance: Number of shares (1,000 shares)	Beginning balance: Carrying amount	Current addition: Number of shares (1,000 shares)	Current addition: Amount	Current reduction: Number of shares (1,000 shares)	Current reduction: Amount	Closing balance: Number of shares (1,000 shares)	Closing balance: Carrying amount	Guarantee provision or pledge condition	Note
Unlisted stocks and non-emerging stocks:										
Japan Bull Will Corporation		$ 306		$ --		$ --		$ 306		
Subtotal		306		--		--		306	**None**	
Less: Accumulated impairment losses		(306)		--		--		(306)		
Total		$ --		$ --		$ --		$ --		

Statement of Changes in Investment Property Accounted for Using the Equity Method

January 1 to December 31, 2018

Unit: NTD 1,000

Company	Beginning balance: Number of shares (1000 shares)	Beginning balance: Amount	Current addition: Number of shares (1000 shares)	Current addition: Amount	Current reduction: Number of shares (1000 shares)	Current reduction: Amount	investment income (loss)	Others (Note 1)	Closing balance: Number of shares (1000 shares)	Closing balance: % shareholding	Closing balance: Amount	Market price or net equity: Unit price ($)	Market price or net equity: Total price	Guarantee provision or pledge condition
Hong Kong Bull Will Holdings	10,374	$ 71,7 (65)	--	$	--	$	$ 20,2 (53)	($ 371)	10,374	100%	$ 92,3 (89)	$	$ 91,4 (27)	**None**
BULL WILL TRADING(S) PTE LTD	--	--	70	1,564	--	--	3,018	(303)	70	48.95%	4,279	--	8,742	**None**

Note 1: It is the recognition of exchange differences on translation of foreign financial statements, deferred gross trading profits, and disposal of investment loss.

For the statement of changes in property, plants, and equipment, please refer to Note 6(9).

For the statement of changes in accumulated depreciation of property and equipment, please refer to Note 6(9).

For the statement of changes in investment property, please refer to Note 6(10).

For the statement of changes in accumulated depreciation of investment property, please refer to Note 6(10).

For the statement of deferred income tax assets, please 6(28).

BULL WILL CO., LTD.

Statement of Guarantee Deposits Paid

December 31, 2018

Unit: NTD 1,000

Item	Abstract	Amount	Note
Guarantee deposits paid	Leases	$410	
	Requesting the court for provisional attachment Security deposit	340	
	Others	10	The balance of these items does not exceed 5% of this account.
Total		$ 760	

Statement of Accounts Receivable

December 31, 2018

Unit: NTD 1,000

Customer	Abstract	Amount	Note
Non-related party:			
A0001		$ 8,994	
A0012		2,445	
Others		12,913	For remaining vendors, none of their amounts have exceeded 5% of this account.
Total		$ 24,352	

BULL WILL CO., LTD.

Statement of Other Accounts Payable

December 31, 2018

Unit: NTD 1,000

Customer	Abstract	Amount	Note
Compensation and bonuses payable		$ 2,640	
remuneration payable to directors and supervisors		587	
Other expenses payable		39,867	
Total		$ 43,094	
Other accounts payable from related parties			
Dongguan Chaokang Electronics Corporation		$ 720	
Hong Kong Bull Will Holdings		2	
Hong Kong Serial Investment Limited		14	
Serial Investment Limited		188	
Total		$ 924	

For the statement of liability reserve - current, please refer to Note 6(15).

BULL WILL CO., LTD.

Statement of Other Current Liabilities

December 31, 2018

Unit: NTD 1,000

Item	Abstract	Amount	Note
Current portion of long-term loans payable		$ 11,947	
Other current liabilities: others	Receipts under custody	327	
	Temporary receipts	669	
Subtotal		996	
Total		$ 12,943	

BULL WILL CO., LTD.

Statement of Operating Revenue

2018

Unit: NTD 1,000

Item	Abstract	Amount	Note
Electronic components revenue		$ 273,873	
Less: Sales return and discounts		(5,092)	
Net operating income		$ 268,781	

Statement of Operating Cost

2018

Unit: NTD 1,000

Item	Amount
Initial inventory	$ 121,493
Current net purchases	231,313
Ending inventory	(82,620)
Other impairments	(68,695)
Other operating cost	33,010
Operating cost	$ 234,501

BULL WILL CO., LTD.

Statements of Operating Expenses

2018

Unit: NTD 1,000

Item	Amount	Note
Selling expense		
Compensation	$ 4,762	
Rent expenses	891	
Freight	1,116	
Exporting expenses	1,760	
Others	3,843	For remaining items, none of them has exceeded 5% of this account.
Total	$ 12,372	
Management expense:		
Compensation	$ 15,064	
Professional service fees	5,216	
Others	7,707	For remaining items, none of them has exceeded 5% of this account.
Total	$ 27,987	

Research and development expenses:			
Wages and salaries	$	2,639	
Rent expenses		416	
Insurance premium		212	
Depreciation		427	
Others		421	For remaining items, none of them has exceeded 5% of this account.
Total	$	4,115	

BULL WILL CO., LTD.

Aggregation of Employee Benefit, and Depreciation Expenses by Function

2018

Unit: NTD 1,000

Function Property	2018 Under operating cost	Under operating expense	Under non-operating expense	Total	2017 Under operating cost	Under non-operating expense	Under non-operating expense	Total
Employee benefit expense								
Wages and salaries	$ --	$ 20,712	$ --	$ 20,712	$ --	$ 22,190	$ --	$22,190
Health and labor insurance expense	--	1,840	--	1,840	--	1,943	--	1,943
Pension expense	--	1,117	--	1,117	--	1,196	--	1,196
Director compensation	--	1,228		1,228		1,180		1,180
Other employee benefit expense	--	1,005	--	1,005	--	1,117	--	1,117
Depreciation	--	1,457	--	1,457	--	1,603	--	1,603

At December 31, 2018 and 2017, the number of employees of the Company was 26 and 33 respectively.

For the statement of other income, please refer to Note 6(22).

For the statement of other gains and losses, please refer to Note 6(23).

For the statement of financial cost, please refer to Note 6(26).

B U L L W I L L C O L T D

Person in Charge: Chieh-Min Chang

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