Stock No.: 6259

BULL WILL CO., LTD.

Individual Financial Statements and Independent Accountant's Reports

December 31, 2018 and 2017

Address: 3F., No. 199, Ruihu St., Neihu Dist., Taipei City

Phone: (02)87927788

BULL WILL CO., LTD.

Table of Contents of Parent Company Only Financial Statements

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

			December 31, 2018		December 31, 2017	
Code	Liabilities and equity	Notes:	Amount	%	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.

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.

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

	December 31, 2018	December 31, 2017
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 comprehensive profit and loss effect
Financial ass						

	Foreign currency	Exchange rate	Carrying amount (NTD)	Degree of variation	Profit and loss effect	Other comprehensive profit and loss effect
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 thar 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	2018 Under operating expense	2018 Under non-operating expense	2018 Total	2017 Under operating cost	2017 Under non-operating expense	2017 Under non-operating expense	2017 Total
Employee benefit expense								
Wages and salaries	$ --	$ 20,712	$ --	$ 20,712	$ --	$ 22,190	$ --	$22,190
Health and la insurance exper	--	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 benef 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).