Stock Symbol: 6259

BULL WILL Co., Ltd. and subsidiaries
Consolidated financial statement and independent accountant’s report
2018 and December 31, 2017

Address: 3F., No. 199, Ruihu St., Neihu Dist., Taipei City
Phone: (02)-8792-7788

BULL WILL Co., Ltd. and subsidiaries

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Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

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

March 28, 2019

Independent Auditors' Report

BULL WILL Co., Ltd.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

Sales income recognition

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

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

Matters of emphasis

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

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

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

Other matters

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

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

SHINEWING TAIWAN CPA
Accountants: Chen Kuang-hui

Yao Yu-lin

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

March 28, 2019

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

Unit: 1,000 NTD

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

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

(Cont' d)

Unit: 1,000 NTD

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

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

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

BULL WILL Co., Ltd. and subsidiaries

Consolidated Statements of Comprehensive Income

2018 and December 31, 2017

Unit: 1,000 NTD

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

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

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

BULL WILL Co., Ltd. and subsidiaries

Consolidated Statements of Changes in Equity

2018 and December 31, 2017

Unit: 1,000 NTD

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

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

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

BULL WILL Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

2018 and December 31, 2017

Unit: 1,000 NTD

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

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

(Cont' d)

Unit: 1,000 NTD

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

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

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

BULL WILL Co., Ltd. and subsidiaries

Notes to the Consolidated Financial Statements

2018 and December 31, 2017

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

1. Company milestones

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

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

2. Date and Procedures of Approval of Financial Statements

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

3. Applicability of newly issued and revised standards and interpretations

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

2018 applicable IFRSs and IASs and related interpretations and interpretative bulletins approved by the Financial Supervisory Commission:

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

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

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

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

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

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

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

2. Effect of first time IFRS 9 applicable

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

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

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

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

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

3. Effect of first time IFRS 15 applicable

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Summary of significant accounting policies

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

(1) Statement of compliance

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

(2) Basis of preparation

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

statement is prepared based on the historical cost.

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

(3) Basis of consolidation

1. Principles for consolidated financial statements preparation

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

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

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

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

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

2. Subsidiaries included in the consolidated financial statements:

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

3. Subsidiaries included in the consolidated financial statements: None

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

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

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

6. Subsidiaries holding the parent company issued securities: None

7. Subsidiaries of non-controlling equity significant to the Group:

The total non-controlling equity of the Group at December 31, 2018 and 2017 was (NTD 15,621,000) and (NTD 15,107,000) respectively. Information of the Group's material non-controlling equity and the subsidiaries possessing non-controlling equity is presented below:

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

Subsidiaries' financial information summary:

Balance sheets

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

Statements of comprehensive income

	Visco International Co., Ltd.	
	2018	2017
Revenue	$ --	$ --
Net loss before tax	(80)	(7,821)
Income tax expenses	--	--
Current net losses	(80)	(7,821)
Other comprehensive income (net of income tax)	--	--
Total comprehensive income for the year	($ 80)	($ 7,821)
Total comprehensive income attributable to non-controlling equity	($ 36)	($ 2,407)
Payment for non-controlling equity dividends	$ --	$ --

Statements of Cash Flows

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

(4) Foreign currency translation

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

1. Foreign currency transaction and balance

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

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

current profit or loss.

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

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

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

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

(2) Liabilities held primarily for transaction purposes;

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

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

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

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

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

(2) Liabilities held primarily for transaction purposes;

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

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

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

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

(6) Cash and cash equivalents

1. On the Group's consolidated cash flow statement, cash and cash equivalents include cash on hand, cash in bank, other short-term, highly liquid investments that are due in three months starting from the acquisition date, and overdrafts from banks that can be readily repaid and is part of the overall cash management. Overdrafts from banks are listed in the short-term borrowings of current liability on the balance sheet.
2. Cash equivalents refer to short-term and highly liquid investments satisfying the following conditions:
   (1) Those can be readily converted to fixed cash;
   (2) Those whose value is minimally affected by interest rate fluctuation.

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

1. It refers to non-derivative financial assets that are available for sale or have not been classified into any other categories.
2. The Group uses trade day accounting for available-for-sale financial assets satisfying the accounting practice.
3. The initial recognition is measures at fair value plus transaction costs. Afterward, it is measured at fair value, and changes in fair value are recognized in other comprehensive income. For equity instrument investments not quoted in active markets or derivative instruments associated with this type of equity instruments not quoted in active market price and requiring the delivery of said equity instrument for settlement, when the fair value cannot be reliably measured, the Group states it in "financial assets measured at cost."

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

1. It refers to the option of irrevocability at the original recognition that the fair value changes in equity instrument investments not held for transactions or liability instrument investments satisfying the following conditions:
   (1) Financial assets held under the operating model with the purposes of collecting contract cash flow and for sales;
   (2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.
2. The Group adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.
3. The Group at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value.
   (1) Changes in the fair value of equity instruments are recognized in other comprehensive income, and before the de-recognition, the accumulated interest or lost previously recognized in other comprehensive income should not be reclassified to income but to be transferred to retained earnings. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, the Group shall recognize the amount under profit or loss as dividend income.
   (2) Changes in the fair value of debt instruments are recognized in other comprehensive income, and the impairment losses, interest income, and gains or losses on exchange rate of foreign currency exchange are recognized in profit or loss, and at de-recognition, the accumulated gain or loss previously recognized in other comprehensive income will be reclassified from equity to profit or loss.

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

1. Accounts receivable

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

2. Debt instrument investment of non-active markets

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

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

B. Not assigned for available for sale;

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

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

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

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

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

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

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

(11) Financial asset impairments

1. Accounting policy before January 1, 2018

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

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

A. Issuers or debtors experiencing any significant financial difficulties;

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

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

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

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

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

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

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

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

A. Financial assets measured at amortized cost

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

B. Financial assets measured at cost

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

2. Accounting policy starting from January 1, 2018

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

(12) De-recognization of financial assets

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

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

(13) Inventories

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

(14) Group for disposal

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

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

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

measured at the equity method." If said change lowers down the investment ratio, then aside from the aforementioned adjustment, any gain or loss previously recognized in the "other comprehensive income" related to the reduction of said ownership equity that should be reclassified to losses when the related assets or liabilities are disposed, said gain and loss should be reclassified to profit and loss according to the reduced proportion.

4. The unrealized gain and losses arise from transaction between the Group and the associates have been discharged according to the percent equity of associates Unless evidence shows that the assets transferred by said transaction have been impaired, unrealized losses will be discharged, too. Necessary adjustment of accounting policies of the associates has been made so it is consistent with policies of the Group.
5. When the Group loses its major effect on an associate, the remaining investment of the previous associate should be re-measured at the fair value. The difference between the fair value and the carrying amount is recognized in profit or loss. For all amounts of a subsidiary previously recognized in other comprehensive income, the accounting treatment is based on the same principle as if the Group directly disposes the related assets or liabilities. That is, if the amount is previously recognized as a profit or loss of other comprehensive income, it should be reclassified as income when the related assets or liabilities are disposed. Moreover, when the Company losses the control over the subsidiary, such profit or loss shall be reclassified into income from equity.

(16) Leases

1. According to the conditions of lease contracts, when the Company bears almost all risks and returns of the lease ownership, the lease will be classified as finance lease.

   (1) When the lease begins, it is recognized as assets and

liabilities according to the fair value of the leased asset or the present value of the minimum lease payment, whichever is lower.

(2) Subsequent minimum lease payments are allocated to the financial cost and used for reducing unpaid debts. The financial cost is amortized over the periods during the lease period to have a fixed interest rate over the period calculated using the debt balance.

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

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

(17) Property, plants, and equipment

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

2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Group, and the cost of this item can be reliably measured. The carrying amount of the replaced part should be derecognized. All other repair and maintenance expenses are recognized in current income when they are incurred.
3. Property assets, plants, and equipment are measured subsequently using the cost model. Except land, which is not depreciated, all others are depreciated by the straight-line method according to the estimated useful lives. Significant components of property assets, plants, and equipment should be depreciated separately. Consolidation The Company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment. The useful life of each asset is as follows:

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

(18) Investment Real Estate

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

(19) Impairment of Non-Financial Assets

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

(20) Loans

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

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

(21) Accounts Payable and Notes

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

(22) Liability Reserve

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

(23) Employee Benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined Contribution Plan

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

(2) Defined Benefit Plan

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

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

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

3. Termination Benefits

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

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

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

(24) Employee Share-Based Payment

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

(25) Income Tax

1. Income tax expense Income tax is recognized either in the income statement or in equity if it relates to items that are recognized in other comprehensive income or directly in equity.
2. The current income tax of the merged company shall be calculated on the basis of the tax rate which has been legislated or substantially legislated on the balance sheet date in the country where the operation and taxable income are generated. Management periodically evaluates the condition of income tax filing in accordance with appropriate income tax related laws and regulation and if applicable shall make tax payment to the tax authorities based on the estimated income tax liabilities. The income tax levied on undistributed surplus in accordance with the income tax law shall only be recognized as undistributed surplus income tax expenses in respect of the actual distribution of surplus after the distribution of surplus is approved by the board of shareholders in the following year in which the surplus is generated.
3. The deferred income tax shall be recognized on the basis of the temporary difference between the tax basis of assets and liabilities and the carrying amount of the consolidated Balance

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

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

4. Deferred tax assets are recognized to the extent when they are highly likely to be used to offset future taxable income, and unrecognized and already recognized deferred income tax assets should be re-evaluated on each balance sheet day.
5. Recognized current income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the intent is to to settle on a net basis or to realize the asset and settle the liability simultaneously and the net amount has to be stated in the balance sheet. Deferred income tax assets and liabilities are offset only if there is the legally enforceable right to do so and the deferred income tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, but each entity intend to either settle on a net basis or to realize the assets and settle the liabilities simultaneously.

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

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

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

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

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

2018)

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

1. Sales of Commodities

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

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

2. Financial Components

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

3. Customer Contracts Obtaining Cost

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

(28) Business Combination

1. The merging company adopts the acquisition method to carry on the business combination. The merged consideration shall be calculated

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

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

(29) Operating Departments

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

(30) Earnings Per Share

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

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

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

(1) Important Judgments on the Adoption of Accounting Policies

(2) Important Accounting Estimates and Assumptions

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

Inventory Valuation

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

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

6. Explanation of Important Accounting Items

(1) Cash and Cash Equivalents

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

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

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

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

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

1. The above equity instrument held by the merged company is a long-term strategic investment and is not held for trading purposes. It has been designated to be measured at fair value through other comprehensive income.
2. The above investments were originally classified as financial assets at cost under the IAS39 system. Please refer to Note 3 (1) and 2 for the reclassification.
3. Where there is no pledge of financial assets measured at fair value through other comprehensive income.
4. Please refer to Note 12 (3) for related credit risk information.

(3) Financial Assets Measured at Cost: 2017

Item	December 31, 2017
Domestic Non TWSE &TPEx Listed Stocks	$ --
Foreign Non TWSE &TPEx Listed Stocks	306
Subtotal	306
Minus: Accumulative Impairment	(306)
Total	$ --

Current	$ --
Non-Current	--
Total	$ --

1. The aforesaid stock investments held by the merged company, at the end of the reporting period, are measured on the basis of accumulated impairment losses after cost deductions, since the subject matter is not traded in the active market, the fair value of the subject matter cannot be measured reasonably and reliably, so it is classified as financial asset measured by cost.
2. In August 2017, the merged company disposed of a financial asset investment company measured at cost, Silpak Investment Co. Ltd. The disposal price is NT$ 1,370,000, and the recognized disposal investment interest is NT$ 112,000.
3. On July 27, 2017, the Financial asset investment companies - Hongbang Venture Capital Co. Ltd and Jianbang Venture Capital Company, measured by cost by the Company, were approved by the resolution of the temporary meeting of the shareholders of the company for liquidation, and received a return of NT$ 1,068,000 due to liquidation. Therefore, the cost and accumulated impairment of financial assets as measured by the cost of write-downs were NT$ 4,906,000 and NT$ 4,182,000 respectively, and the recognized impairment benefit was NT$ 344,000.
4. The impairment loss of financial assets recognized by the merged company in 2017 is NT$ 0.
5. Where a financial asset, as measured by cost, is not pledged.

(4) Notes Receivable and Accounts

	December 31, 2018	December 31, 2017
Notes receivable	$ 244	$ 454
Minus: Loss Allowance	--	--
Total	$ 244	$ 454
Account receivables	$ 139,583	$ 184,936
Accounts Receivable - Affiliate	75	--
Minus: Loss Allowance	(63,475)	(94,233)
Minus: Loss Allowance - Affiliate	--	--

Total	$ 76,183	$ 90,703

1. 2018

(1) The average credit period of the merged company for accounts receivable is 120 days, no interest shall be accrued on accounts receivable.

(2) The maximum credit risk exposure of notes receivable and accounts receivable of the merged company as of December 31, 2018 shall be the carrying amount of each class of notes receivable and accounts receivable.

(3) According to the preparation matrix, the loss allowance of notes receivable and accounts receivable of the merged company is as follows:

December 31, 2018	Expected Credit Loss Rate	Total Carrying Amount	Loss Allowance (Duration Expected Credit Losses)	Amortized Cost
Not Overdue	20%	$ 95,940	($ 19,513)	$ 76,427
Less than 1 Month Overdue	100%	1,193	(1,193)	--
1 to 3 Months Overdue	100%	289	(289)	--
3 to 6 Months Overdue	100%	1,343	(1,343)	--
More than 6 Months Overdue	100%	41,137	(41,137)	--
Total		$ 139,902	($ 63,475)	$ 76,427

(4) The changes of loss allowance of accounts receivable are as follows:

	January 1 to December 31, 2017
Balance on January 1, 2018 (IAS39)	$ 94,233
IFRS9 Retrospective Application Adjustment Number	--
Balance on 1st January 2018 (IFRS9)	$ 94,233
Loss Allowance Reversal Number	(2,492)
Money Written off as Uncollectible	(28,431)
Number of Exchange Rate Effects	165
Balance as of December 31, 2018	$ 63,475

The merged company's current reversal and impairment loss of

NT$ 2,492,000 is the loss allowance of accounts receivable assessed by customers with doubts about their creditworthiness based on the possibility of recovery. For the rest, please refer to Notes 9, (1), 2 and 3.

(5) Please refer to Note 12 (3) for related credit risk information.

2. 2017

(1) The merged company's average credit period for commodity sales is 120 days. Accounts receivable are not interest-bearing. In determining the recoverability of accounts receivable and notes receivable, the merged company considers any changes in the credit quality of accounts receivable and notes receivable at the end of the reporting period from the original credit date. The allowance for bad debts is based on aging analysis and customer financial position analysis, which estimates the unrecoverable amount.

(2) The aging information of notes receivable and accounts receivable on December 31, 2017 of the merged company is as follows:

	December 31, 2017
Not Overdue and Not Impaired	$ 91,157
Not Overdue But Impaired	20,745
Overdue Under 180 days	1,150
Overdue 181 to 270 Days	1,102
Overdue Over 271 days	71,236
Total	$ 185,390

(3) Overdue but not impaired of notes receivable and accounts receivable overdue information are as follows:

	December 31, 2017
Under 180 days	$ --
181 to 270 Days	--
Over 271 days	--
Total	$ --

(4) The changes in allowance for bad debts of notes receivable and accounts receivable are as follows:

	Impairment Loss of Individual Assessment	Impairment Loss of Group Assessment	Total
Balance on January 1, 2017	$ 94,460	$ --	$ 94,460
Itemized Impairment Loss	6,512	--	6,512
Write off Unrecoverable Money	(6,418)	--	(6,418)
Number of Exchange Rate Effects	(321)	--	(321)
Balance, December 31, 2017	$ 94,233	$ --	$ 94,233

(5) The maximum credit risk exposure of notes receivable and accounts receivable of the merged company as of December 31, 2017 shall be the carrying amount of notes receivable and accounts receivable.

(5) Other Receivables

	December 31, 2018	December 31, 2017
Other accounts receivable	$ 208,034	$ 208,600
Other accounts receivable from related parties	--	134
Minus: Allowance for Bad Debts	(205,848)	(205,848)
Total	$ 2,186	$ 2,886

For other receivables, please refer to Notes 9, (1), 2 and 3.

(6) Transfer of Financial Assets

The Company has entered into a non-recourse assignment and sale of accounts receivable with Bank SinoPac, and the bank has made an advance purchase of 80% of the net accounts receivable to the Company in accordance with the provisions of the contract. The relevant information is as follows:

December 31, 2015

Assignment Object	Assignment Account Receivables Amount	Derecognising Amount	Limit	Advenced Amount	Balance of Advance Payment	Interest Rate Range of Advanced Amount
Yang Hua	$ 47,691	$ 38,000	$ 38,000	$ 38,000	$ 36,216	1.55%

As of December 31, 2018, there were NT$ 45,691,000 uncollectible assignment account receivables due to financial problems of Yanghua Technology CO LTD; please refer to Notes 9, 1 and 2.

(7) Inventory

	December 31, 2018	December 31, 2017
Raw Materials	$ 13,980	$ 29,414
Work in Progress	6,627	11,454
Finished Good	111,683	137,626
Subtotal	132,290	178,494
Minus: Allowance for Inventory Write-Down and Slow Losses	(106,718)	(140,303)
Net Amount	$ 25,572	$ 38,191

1. Inventory related expense loss recognized in the current period:

	2018	2017
Cost of Inventory Sold	$ 198,751	$ 234,964
Inventory Write-Down and Slow Recovery Profit	(33,010)	(8,857)
Inventory Scrap Loss	33,010	6,162
Inventory Adjustment Credits	--	(32)
Minus: Cost of Sales for Closed Departments	--	--
Total	$ 198,751	$ 232,237

2. As of December 31, 2018, the Company's inventory of LED Wafer and Wafer products totaled NT$ 46,034,000. The Company has assessed the high probability of the transaction of LED Wafer and Wafer products not being completed, and the probability of its resale is very low, therefore, the inventory of this product has been set up to 100% of the allowance for impairment loss in 2016. In addition, the merged company generated rebound benefits of NT$ 33,010,000 and NT$ 8,857,000 respectively due to inventory scrapping in 2018 and sales and scrap inventory in 2016, as well as assessed inventory aging, future economic value and exchange rate changes.
3. No collateral is provided for the above inventory.

(8) Other Financial Assets - Current

	December 31, 2018	December 31, 2017
Pledge Time Deposit	$ 150	$ 150
Restricted Demand Deposit	5,398	9,440

Total	$ 5,548	$ 9,590

For other financial assets pledged, please refer to Note 8.

(9) Non-Current Assets Held for Sale and Closed Units

1. The merged company was approved by the board of directors to liquidate Huizhou Bai Qin Company on July 28, 2016. The assets and liabilities related to Huizhou Bai Qin Company have been rendered as group to be disposed to be sold, which conforms to the definition of units to be closed. The liquidation was not completed as of December 31, 2018.

2. Cash flow information of closed units is as follows:

	2018	2017
Cash Flow from Operating Activities	($ 110)	($ 205)
Cash Flow from Investment Activities	--	--
Cash Flow from Financing Activities	--	--
Number of Exchange Rate Effec	(4)	(3)
Total	($ 114)	$ 208)

3. Assets classified as group to be disposed:

	December 31, 2018	December 31, 2017
Cash and cash equivalents	$ 320	$ 434

4. Liabilities classified as group to be disposed:

	December 31, 2018	December 31, 2017
Other accounts payable	$ 211	$ 229

5. The details of equities directly related to the group to be disposed are as follows:

	December 31, 2018	December 31, 2017
Exchange differences on translation of foreign financial statements	$ 2,006	$ 2,010

6. The analysis of the business operating results of the closed units and the re-evaluation results of the assets or groups to be disposed of are as follows:

	2018	2017
Operating revenue	$ --	$ --

Operating Cost and Expense	(106)	(129)
Total non-operating revenue and expenses	14	32
Net Pretax Loss of Closed Uni	(92)	(97)
Income Tax	--	--
Net After-tax Loss of Close Units	($ 92)	($ 97)
Recognized Net Pretax Profi When Reevaluating the Grc Assets to Be Disposed Of	--	--
Recognized Net Pretax Loss Wh Reevaluating the Group Assets to Be Disposed Of	($ 92)	($ 97)

(10) Investment by Equity Method

Name of Investees	December 31, 2018 Amount	December 31, 2017 Amount
Affiliated Enterprises:		
BULL WILL TRADING(S) PTE LTD.	$ 4,279	$ --

1. The Company made an investment in BULL WILL TRADING(S) PTE ltd. on April 27, 2018 through a resolution of the board of directors, and acquired 70% of the equity by investing NT$ 1,563,800 on June 15, 2011. In addition, BULL WILL TRADING(S) PTE LTD. conducted a cash capital increase on September 7, 2018, and the Company did not subscribe its equity according to the original shareholding ratio, resulting in the shareholding ratio decreased from 70% to 48.95%. Since the Company has no control but has significant influence over BULL WILL TRADING(S) PTE LTD., the Company lists it as investment by equity method. Due to the change of shareholding ratio, the Company lost control and recognized it as disposal investment loss of NT$ 323,000 in 2018.
2. The Company adopts the said investment by equity method, BULL WILL TRADING(S) PTE LTD is based on the evaluation of financial statements audited by other accountants during the same period. From January 1, 2018 to December 31, 2018, the share of the

equities of affiliated enterprises recognized by the equity method is NT$ 1,937,000.

3. The basic information and summarized financial information of the affiliated enterprises of the Group are as follows:

(1) Basic Information

Company name	Primary business venue	% shareholding December 31, 2018	% shareholding December 31, 2017	Nature of Relations	Measure
BULL WILL TRADING(S) PTE LTD.	Singapore	48.95%	--	Affiliated Enterprise	Equity Method

(2) Summarized Financial Information

Balance Sheet

	BULL WILL TRADING(S) PTE LTD. December 31, 2018	BULL WILL TRADING(S) PTE LTD. December 31, 2017
Current asset	$ 12,124	$ --
Non-current assets	--	--
Current liabilities	3,382	--
Non-current liabilities	--	--
Total Net Assets	$ 8,742	$ --

Composite Income Statement

	BULL WILL TRADING(S) PTE LTD. 2018	BULL WILL TRADING(S) PTE LTD. 2017
Income	$ 231,568	$ --
Continuing Operations Net Income	$ 5,501	$ --
Other Comprehensive Profits/Losses (Net After-t Amount)	--	--
Current Total Comprehensive Profit and Loss	$ 5,501	$ --
Dividends Received from Affiliated Enterprises	$ --	$ --

(11) Real Estate, Plant and Equipment

	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other	Total
Cost						
Balance on January 1, 2	$ 21,025	$ 1,081	$ 32,919	$ 11,326	$ 27,244	$ 93,595
Added	11	--	--	--	138	149
Disposed	(542)	--	(13)	--	(294)	(849)
Impact of Exchange Rate Changes	(163)	(6)	(69)	(113)	(40)	(391)
Balance, December 31, 2	20,331	1,075	32,837	11,213	27,048	92,504
Added	--	--	114	--	28	142
Impact of Exchange Rate Changes	(353)	(12)	(50)	(247)	(84)	(746)
Balance as of December 2018	$ 19,978	$ 1,063	$ 32,901	$ 10,966	$ 26,992	$ 91,900

	Machinery Equipment	Transportation Equipment	Office Equipment	Leasehold Improvement	Other	Total
Depreciation and Impairment Losses						
Balance on January 1, 2(	$ 17,716	$ 633	$ 26,158	$ 9,814	$ 25,120	$ 79,441
Current Depreciation	1,267	105	1,367	340	808	3,887
Disposed	(421)	--	(11)	--	(83)	(515)
Impact of Exchange Rate Changes	(138)	(2)	(46)	(99)	(27)	(312)
Balance, December 31, 201	18,424	736	27,468	10,055	25,818	82,501
Current Depreciation	820	103	1,234	314	599	3,070
Impact of Exchange Rate Changes	(320)	(5)	(51)	(226)	(69)	(671)
Balance as of December 31 2018	$ 18,924	$ 834	$ 28,651	$ 10,143	$ 26,348	$ 84,900
Carrying Amount						
December 31, 2017	$ 1,907	$ 339	$ 5,369	$ 1,158	$ 1,230	$ 10,003
December 31, 2018	$ 1,054	$ 229	$ 4,250	$ 823	$ 644	$ 7,000

1. The merged company has conducted impairment assessment on real estate, plant and equipment, and as of December 31, 2018 and 2017, it has not recognized the accumulated impairment.
2. No mortgage collateral is provided for real estate, plant and equipment.

(12) Investment Real Estate

	Land	Houses and Buildings	Total
Cost			
Balance on January 1, 2017	$ 17,103	$ 7,454	$ 24,557
Disposed	--	--	--
Balance, December 31, 2017	17,103	7,454	24.557
Disposed	(900)	(392)	(1,292)
Balance as of December 31, 2018	$ 16,203	$ 7,062	$ 23,265

	Land	Houses and Buildings	Total
Depreciation and Impairment Losses			
Balance on January 1, 2017	$ --	$ 1,933	$ 1,933
Current Depreciation	--	146	146
Balance, December 31, 2017	--	2,079	2,079
Current Depreciation	--	139	139
Current Disposal	--	(110)	(110)
Balance as of December 31, 2018	$ --	$ 2,108	$ 2,108
Carrying Amount			
December 31, 2017	$ 17,103	$ 5,375	$ 22,478
December 31, 2018	$ 16,203	$ 4,954	$ 21,157

1. Rental receipt and direct operating expenses of investment real estate:

	2018	2017
Rental Receipt of Investment Real Estate	$ 718	$ 881
Direct Operating Expenses Incurred in the Current Period for Investment Real Estate with Rental Receipt	$ 292	$ 309

2. The fair value of the investment real estate held by the Company is based on the latest transaction records of the real estate near the location, the total fair value is about NT$ 25,380,000.
3. Please refer to Note 8 for the situation of providing mortgage collateral for investment real estate.

(13) Accounts Payable

	December 31, 2018	December 31, 2017
Accounts payable	$ 36,169	$ 45,181
Accounts Payable - Affiliate	4	--
Total	$ 36,173	$ 45,181

(14) Long-Term Loan

Item	December 31, 2018	December 31, 2017

Collateralized Borrowing - Starting from August 2016, the payment will be made every month as one installment and will be settled in July 2010. Floating interest rate, the interest rate was 2.74% as of December 31, 2018 and 2017.	$ 11,947	$ 32,174
	11,947	32,174
Minus: Part Due Within One Year	(11,947)	(20,227)
Total	$ --	$ 11,947

1. The repayment period of the said loan is as follows:

Year to Maturity	Amount
Due in July 2019	$ 11,947

2. For collateral of the said loans, please refer to Note 8.
3. The amount limit of each bank is not unconditional use of the Company, the final approved loan is subject to the correspondent bank approval.

(15) Pension

Defined contribution plans (DCP)

(1) With effect from July 1, 2005, the Company has, in accordance with the provisions of the "Labor Pension Statutes", contributed 6% of the paid wages to the pension fund for those who choose to work under the ordinance. In 2018 and 2017, respectively, NT$ 1,117,000 and NT$ 1,196,000 were allocated to the individual pension account established by the Bureau of Labor Insurance.

(2) In accordance with the pension system stipulated by the government of the People's Republic of China, the mainland subsidiary shall allocate the pension fund at a certain percentage of the local employees' salary each month. The pension of each employee shall be managed and arranged by the government, and the mainland subsidiary shall have no further obligation except for monthly contribution.

(16) Liability Reserve

	Liability Reserve of Employee Benefits
Balance on January 1, 2017	$ 1,425
Liability Reserve Changes in the Current Period	(214)
Balance, December 31, 2017	1,211
Liability Reserve Changes in the Current Period	(60)
Balance as of December 31, 2018	$ 1,151

Liability reserve is analyzed as follows:

	December 31, 2018	December 31, 2017
Current	$ 1,151	$ 1,211
Non-Current	$ --	$ --

(17) Share-Based Payment

1. The executive stock option warrants issued by the Company were approved by the competent authority on December 19, 2007, May 19, 2011 and May 19, 2015 respectively, with the total amount of 5,396, 6,900 and 6,550 units respectively. The number of executive stock option warrants available for subscription by each employee shall be 1, and the subscription price shall be the closing price of the company's closing price on the day of issue, and it is expected to be delivered by issuing new shares. The subscription conditions are as follows:

   (1) Subscription price:

   A. Approved issuance on 19 December 2007: The original subscription price per share was NT$ 8.8 yuan, as the Company issued new shares on July 31, 2009, October 23, 2010 and June 14, 2010 respectively, and reduced capital on August 17, 2012 to cover losses, therefore, the subscription price per share was adjusted to NT$ 14.2; the capital was increased on October 2, 2017, and was adjusted to NT$ 9.8.

   B. Approved issuance on 19 May 2011: The subscription price per share was NT$ 10; the capital was increased on October 2, 2017, and was adjusted to NT$ 7.1.

C. Approved issuance on 19 May 2015: The subscription price per share was NT$ 13.25.

(2) Period of rights:

A. The cumulative exercisable proportion shall be 50% two years after the expiration of the executive stock option warrants granted to subscribers; and 75% after the expiration of three years; and 100% after the expiration of four years. The duration of stock option warrants issued in 2007, 2011 and 2015 is 10 years, 7 years and 7 years respectively. Stock option warrants and their equities may not be transferred, pledged, given to others or otherwise disposed of, except by successors.

B. The Company shall have the right to withdraw and cancel the stock option warrants which have not yet been exercised by the subscriber, in case of gross negligence such as violation of labor contract or work rules or significant low performance after the Company grants the executive stock option warrants to the subscriber.

As of December 31, 2018, 18,846,000 shares have been issued in the above executive stock option warrants, and 5,761,000 shares were canceled according to the issuance methods upon resignation of the employee, 5,440,000 shares were canceled due to voluntary abandonment of the employee, and 1,514,000 shares became invalid upon expiration of the exercise period. As of December 31, 2018, a cumulative 6,131 shares were converted to ordinary shares, with no outstanding executive stock options.

2. As of December 31, 2018, the following table is a summary of information relating to the number of remunerative executive stock option warrant schemes issued and subscription price:

Date of Issue of Stock Option Warrant	Total Issuing Units (1,000 shares)	Total Outstanding Units (1,000 shares)	Shares for Subscription (1,000 shares)	Date of Exercise of the Stock Option	Deadline for Stock Option	Subscription Price (NT$) (Note 1)	Current Ordinary Share Market Price	
							Highest	Lowest
Dec 20 2007	5,396	--	--	Dec 20 2009	Dec 19 2017	9.80	4.48	1.94
May 24 2011	6,900	--	--	May 24 2013	May 23 2018	7.10	4.48	1.94
May 19 2015	6,550	--	--	May 19 2017	May 18 2022	13.25	4.48	1.94

(Note 1) In the event of any change in the ordinary shares of the Company after the issuance of the executive stock option warrants, the stock option price shall be adjusted according to the issuance and stock option method of the executive stock option warrants.

(1) Information on stock option warrants issued on 19 December 2007 is as follows:

	January 1 to December 31, 2017	
	Unit (1,000)	Exercise Price (NT$)
Opening Balance	129	$ 9.8
Current Issuance	--	
Expired Upon Termination	--	
Current Expiration	(129)	
Current Conversion	--	
Ending Balance	--	

The exercise price of the executive stock option warrants issued in 2007 is equal to the daily market price of each share, so the remuneration cost listed in 2017 is NT$ 0, which expired on December 19, 2017.

(2) Information on stock option warrants issued on 19 May 2011 is as follows:

	January 1 to December 31, 2018		January 1 to December 31, 2017	
	Unit(1,000)	Exercise Price (NT$)	Unit(1,000)	Exercise Price (NT$)
Opening Balance	1,423	$ --	1,473	$ 7.1

	2018	2017
Current Issuance	--	--
Expired Upon Termination	(38)	(50)
Current Expiration	(1,385)	
Current Conversion	--	--
Ending Balance	--	1,423

The recognized remuneration cost in 2018 and 2017 were both NT$ 0 from the issuing of executive stock option warrants in 2011. As of December 31, 2018 and 2017, the capital reserve balance due to the stock option warrants was NT$ 7,965,000, which expired during the exercise period on May 24, 2018.

3. The evaluation methods and assumptions of stock option warrants issued on May 19, 2011 are as follows:

		May 19, 2011 Issued Stock Option Warrants
Evaluation Model	Black-Scholes Option Evaluati Model	
Assumption	Expected Rate of Dividend	0%
	Volatility	34.44%
	Risk-Free Interest Rate	1.13%
	Expected Duration (From the D of Issuance)	1.54

(18) Share Capital

1. On January 1, 2017, the Company had a rated capital of NT$ 2,050,000,000, a paid-in capital of NT$ 729,364,000, and a face value of NT$ 10 per share. The actual number of shares issued was 72,936,000, all of which are ordinary shares.

Upon the resolution of the board of directors on July 13, 2017, in accordance with the provisions of Article 43-6 of the Securities and Exchange Act, the Company issued 38,400,000 new shares by private offering with a face value of NT$ 10 per share at a discount of NT$ 1.5. The total amount of the private offering is NT$ 57,600,000, and the Company has completed the registration of change.

As of December 31, 2018, the Company had a rated capital of NT$ 2,050,000,000, a paid-in capital of NT$ 1,113,364,000, and a face value of NT$ 10 per share. The actual number of shares issued was 111,336,000, all of which are ordinary shares.

2. Please refer to Note 6 (17) for information on issuance of executive stock option warrants.
3. The number of outstanding shares at the beginning and end of the ordinary shares of the Company is adjusted as follows:

	2018	2017
Balance as of January 1	111,336,000 shares	72,936,000 shares
Increment of Cash - Private Offering	--	38,400,000 shares
Balance as of December 31	111,336,000 shares	111,336,000 shares

(19) Capital Surplus

	December 31, 2018	December 31, 2017
Ordinary Share Premium	$ 35,341	$ 35,341
Recognized Consideration Cost of Executive Stock Option	7,965	7,965
	$ 43,306	$ 43,306

According to the provisions of the Company Act, except for excess proceeds (this includes the premium on the share capital issued in excess of face value, the premium on the share capital issued in connection with the merger, the difference in the conversion of convertible corporate bonds, and the trading profit of treasury stocks, etc.) from the issuance of shares in excess of face value and the capital reserve generated from receiving the gift, which can be used to replenish the capital and pay cash dividends, the rest shall only be used to cover the company's losses and shall not be used for other purposes.

(20) Retained Earnings

1. Legal reserve

According to the Company Act, 10% of the after-tax earnings of the company after deducting the losses of the previous year shall be set aside as the legal surplus reserve before distribution until the legal surplus reserves are equal to the total capital. The legal surplus reserve may be used to cover losses in accordance with the law, provided that the provision of the reserve has reached 25% of the paid-in capital, the board of shareholders may decide to issue new shares or cash dividends within the excess.

2. Special Surplus Reserve

In accordance with the regulations of the securities regulatory authority, if the Company has other deductions such as the conversion difference in the financial statements of foreign operating organizations, unrealized gains and losses of financial assets for sale and other equities, before allocating the surplus, it shall first set aside the special surplus reserve of the same amount within the following limits:

(1) For the amount incurred in the current year in other deductions of equities, the special surplus reserve shall not exceed the sum of the after-tax surplus of the current year plus the accumulated undistributed surplus of the previous year.

(2) The amount incurred in the preceding year in other deductions of equity shall not exceed the balance of accumulated undistributed earnings of the preceding year after (1) has been deducted.

(3) If there is a reversal of other deductions, the surplus may be partially distributed.

3. Surplus Distribution

If there is net profit after tax of the current period in the Company's annual general accounts, the accumulated losses (including the adjustment of undistributed surplus amount) shall be made up first, and 10% shall be contributed as the legal surplus reserve according to law; except when the legal surplus accumulated has reached the total paid-in capital of the Company. Secondly, special reserve should be allocated or reversed according to laws, regulations, or the competent authority's stipulation. For the remaining earnings, together with the Undistributed earnings at the beginning of the period (including the adjusting the non-distributed amount of earnings), the Board of Directors shall propose earnings distribution at the shareholders' meeting to have the resolution of dividends and bonuses distribution among shareholders approved.

4. Dividend Policy

   The dividend policy of the Company is based on the current and future development plan, considering the investment environment, capital needs and foreign competition conditions, and considering the equities of shareholders and other factors, so as to allocate no less than 30% of the distributable surplus to shareholders every year. However, if the accumulated distributable surplus is not less than 10% of the paid-in share capital, it may not be distributed. Dividends may be paid in cash or shares to shareholders, in which the cash dividend shall not be less than 50% of the total dividend.

5. Please refer to Note 6 (27) for information on remuneration of staff and remuneration of directors and supervisors.

(21) Other Equity Items

	Exchange differences on translation of foreign financial statements	Equities Directly Related to Groups to Be Disposed Of	Unrealized Valuation of Financial Assets (Losses) and Profits Measured at Fair Value Through Other Comprehensive Income	Total
January 1, 2017	$ 1,879	$ 2,013	--	$ 3,892
Number of Differences of Foreign Currency Conversion - Affiliated Enterprises	3,937	(3)	--	3,934
Income Tax Effects	(669)	--	--	(669)
December 31, 2017	5,147	2,010	--	7,157
Number of Differences of Foreign Currency Conversion - Affiliated Enterprises	(61)	(4)	--	(65)
Income Tax Effects	(82)	--	--	(82)
Evaluation Adjustment Transferred out to Retained Earnings	--	--	(306)	(306)
December 31, 2018	$ 5,004	$ 2,006	($ 306)	$ 6,704

(22) Non-Controlling Equity

	2018	2017
Balance as of January 1	($ 15,107)	($ 12,700)
Shares Attributable to Non-Controlling Equity		
Current net losses	426	(3,520)
Other Comprehensive Profit and Loss	(940)	1,113
December 31	($ 15,621)	($ 15,107)

(23) Operating Income

	2018	2017
Electronic Component Income	$ 245,875	$ 284,798
Television Income	--	2,156

	2018	2017
Total	$ 245,875	$ 286,954

(24) Other Income

	2018	2017
Interest income	$ 153	$ 149
Rental Income	1,261	1,428
Other Income - Others	4,744	3,131
	6,158	4,708
Minus: Other Income of Closed Units	(14)	(32)
Total	$ 6,144	$ 4,676

(25) Other Profits and Losses

	2018	2017
Disposition of Profits in Real Estate, Plant and Equipment	$ --	$ 52
Disposition of Profits in Real Estate Investment	108	--
Disposition of Profits (Losses) in Investment	(323)	112
Financial Assets Impairment of the Reversal of Profits	--	344
Net Foreign Exchange Profit (Loss)	2,678	(10,593)
Miscellaneous Expenditure	(152)	(345)
Total	$ 2,311	($ 10,430)

(26) Additional Description of Cost and Nature of Expenses

	2018			2017		
	Under Operating Cost	Under Operating Expenses	Total	Under Operating Cost	Under Operating Expenses	Total
Employee benefit expense	$ 23,704	$ 43,769	$ 67,473	$ 25,217	$ 46,373	$ 71,590
Depreciation	718	2,490	3,208	1,094	2,939	4,033
Amortization Expense	--	--	--	--	--	--

(27) Employee Benefits Expenses

	2018	2017
Salary Expenses	$ 60,308	$ 63,278
Labor and Health Insurance Expenses	4,964	5,888
Pension Expenses	1,117	1,196
Other Employment Expenses	1,084	1,228
	67,473	71,590

Minus: Employee Benefits Expenses of Closed Units	(47)	(47)
Total	$ 67,426	$ 71,543

1. If the company makes profits in the current year, it shall allocate no less than 5% of the consideration for employees and no more than 3% of the consideration for directors and supervisors. However, if the company has accumulated deficiency, it shall reserve the amount of compensation in advance. The said employee compensation can be paid in the form of stock or cash, and the recipient of the payment include employees of the subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned Directors/Supervisors can only be paid in the form of cash.
2. The estimated amount of employee remuneration and supervisor remuneration of the Company in 2018 and 2017 is NT$ 0, which is based on the profit status up to the current period.

   The number of shares to be paid as dividends is calculated on the basis of the closing price of the day before the board's decision and the effect of ex-rights. However, if there is any difference between the actual allotment amount and the estimated amount as determined by the board of shareholders later, it will be listed as the profit and loss of the next year.
3. Information about the decisions of the board of directors of the Company and the remuneration of employees and directors approved by the board of shareholders can be found on the Market Observation Post System.

(28) Financial Cost

	2018	2017
Interest Expense:		
Bank Loan	$ 1,426	$ 2,270
Affiliate Loans	--	737
Financial cost	$ 1,426	$ 3,007

(29) Income Tax on Continuing Operations:

1. Income Tax Expense

(1) Main Income tax expense components:

	2018	2017
Current Income Tax Expense of Parent Company	$ --	$ --
Current Income Tax Expense of Subsidiary	467	181
Deferred Income Tax Expense Related to the Original Generation and Return of Temporary Differences	5,942	20,055
Deferred Income Tax Related to the Original Generation and Return of Levy Losses	(4,512)	2,889
Income tax expenses	$ 1,897	$ 23,125

(2) Income tax expense (profit) related to other comprehensive profit or loss components:

	2018	2017
Exchange differences on translation of foreign financial statements	($ 82)	$ 669

2. Adjustment between income tax expense and accounting gains:

	2018	2017
Accounting Gains	($ 18,611)	($ 35,992)
Tax Calculated at the Applicable Tax Rate	(3,722)	(6,119)
Effects of Tax Rate Differences in Foreign Jurisdictions	270	732
Effects of income tax adjustment items:		
Permanent Difference	3,040	272
Changes in Tax Losses on Deferred Tax Assets Not Recognized	3,968	4,643
Changes of Temporary Differences Not Recognized	(1,659)	23,597
Income tax expenses	$ 1,897	$ 23,125

3. Details of deferred income tax assets are as follows:

2018	Balance on January 1	Recognized as Gain or Loss	Recognized in Other Composite Income	December 31 Balance
Deferred tax assets				
Unrealized Exchange Profit/Loss	$ 1,268	($ 1,248)	$ --	$ 20
Account receivables	17,669	5,577	--	23,246
Inventories	16,853	(5,466)	--	11,387
Financial Assets Measured at Fair Value Through Other Comprehensive Income	52	9	--	61
Exchange differences on translation of foreign financial statements	(1,528)	(302)	82	(1,748)
Total Deferred Income Tax Assets	$ 34,314	($ 1,430)	$ 82	$ 32,966

2017	Balance on January 1	Recognized as Gain or Loss	Recognized in Other Composite Income	December 31 Balance
Deferred tax assets				
Unrealized Exchange Profit/Loss	($ 198)	$ 1,466	$ --	$ 1,268
Account receivables	50,149	(32,480)	--	17,669
Inventories	8,072	8,781	--	16,853
Financial Assets Carried at Cost	763	(711)	--	52
Exchange differences on translation of foreign financial statements	(859)	--	(669)	(1,528)
Total Deferred Income Tax Assets	$ 57,927	($ 22,944)	($ 669)	$ 34,314

The merged company recognized NT$ 32,966,000 deferred tax assets as of December 31, 2018 due to the management's belief that it is likely to generate sufficient tax income in the future. The management assesses that the electronic components industry will recover and the subsidiaries and the operation of the investees will become more stable. Therefore, the management shall identify the income tax assets of such amount in the appraisal.

4. Items of deferred income tax assets not recognized in the balance sheet:

Deficiency Deduction	December 31, 2018	December 31, 2017
Less than One Year	$ --	$ 1,396
More than One Year but Less than Five Years	6,679	5,677
More than Five Years	12,130	6,922
	$ 18,809	$ 13,995

	December 31, 2018	December 31, 2017
Deductible Temporary Differences		
Investments accounted for using the equity method	$ 89,369	$ 73,034
Slow Inventory and Write-Down Loss	4,797	2,949
Account receivables	34,868	31,410
Investment Loss Disposed	65	--
	$ 129,099	$ 107,393

5. As of December 31, 2018, the deferred income tax assets that the Company may use to offset the payable income tax in subsequent years are deficiency losses, which are summarized as follows:

Year to Maturity	Deficiency Deduction
2021	$ 6,679
2126	2,681
2127	5,481
2128	3,968
Total	$ 18,809

6. In accordance with the revised provisions of the Income Tax Law announced on February 7, 2018, the Company shall change the applicable business income tax rate from 17% to 20% and the additional business income tax rate on the undistributed surplus from 10% to 5% from 2018.

7. The Company's business income tax has been approved by the Revenue

Service Offices until 2017.

(30) Earnings Per Share

	2018		
	Post-Tax Amount	Weighted Average Number of Outstanding Shares (1,000 shares)	Loss per Share (NT$)
Basic Earnings Per Share			
Net Loss Attributable to the Continuing Business Units of the Ordinary Shareholders of the Parent Company	($ 20,934)	111,336	($ 0.19)
Current Net Loss of Closed Units	(92)	111,336	--
Current Net Loss Attributable to Ordinary Shareholders of Parent Company	($ 21,026)	111,336	($ 0.19)

Diluted Earnings Per Share

No such situation.

	2017		
	Post-Tax Amount	Weighted Average Number of Outstanding Shares (1,000 shares)	Loss per Share (NT$)
Basic Earnings Per Share			
Net Loss Attributable to the Continuing Business Units of the Ordinary Shareholders of the Parent Company	($ 55,597)	82,405	($ 0.68)
Current Net Profit of Closed Units	(97)	82,405	--
Current Net Loss Attributable to Ordinary Shareholders of Parent Company	($ 55,694)	82,405	($ 0.68)

Diluted Earnings Per Share

No such situation.

(31) Enterprise Disposition

The merged company sold its 10% equity in the Saimanibo Investment CO LTD through Serial Investment CO LTD in August 2017. The disposition price was NT$ 1,370,000, and the recognized disposition interest was NT$ 112,000.

(32) Operating Lease

The merged company leases offices, warehouses and company vehicles to meet operational requirements. The tenancies range from one to five years. The minimum rental payments payable in future years are as follows:

	December 31, 2018	December 31, 2017
Less than One Year	$ 2,773	$ 355
More than One Year but Less than Five Years	2,661	240
More than Five Years	--	--
	$ 5,334	$ 595

7. Affiliate Transaction

The amount and balance of transactions between the Company and its subsidiaries have been written off at the time of the preparation of the consolidated financial statements and are not disclosed in this note. The transaction details of the merged company and other related parties are disclosed as follows:

(1) Name and Relationship of Affiliates

Name of Affiliates	Relationship with the Merged Company

	A Company That Adopts the Equity Method to Evaluate a Merged Company
	Company Also Controlled by Serial System
Serial System LTD (Serial System) Serial System CO LTD (Serial System)	Company Also Controlled by Serial System
Serial Investment CO LTD (Serial Investment)	Company Also Controlled by Serial System
Serial System (Hong Kong) LTD (Serial System (HK))	Company Also Controlled by Serial System
Serial System (Singapore) LTD (Serial System Singapore)	Company Also Controlled by Serial System
Serial International LTD (Serial International)	Company Also Controlled by Serial System
SCE ENTERPRISE PTE LTD (SCE)	

(2) Major Transactions with Affiliates

1. Sales

	2018	2017
Affiliated Enterprise	$ 120	$ 55

The sale price and credit conditions of the merged company's sales to affiliates are comparable to those of ordinary transactions.

2. Purchases

	2018	2017
Affiliated Enterprise	$ 86	$ 997

There is no material difference in terms of payment for purchases made by the merged company to affiliates.

3. Rental Income

	2018	2017
Serial System (Hong Kong)	$ 542	$ 547

Serial Hong Kong leases the office from the Company, subject to receive payment at the end of the month.

4. Rental Expenditure

	2018	2017
Serial Investment	$ 2,151	$ 2,151

The Company invests and leases the Taipei office from Serial Investment, subject to make monthly payment on 6th day.

5. Interest Expense

	2018	2017
Serial System	$ --	$ 392
Serial Singapore	--	345
Serial International	245	--
	$ 245	$ 737

6. Labor Expense

	2018	2017
SCE	$ 900	$ --

7. Accounts Receivable

	December 31, 2018	December 31, 2017
Serial Singapore	$ 75	$ --

8. Other Receivables

	December 31, 2018	December 31, 2017
Serial System (Hong Kong)	$ --	$ 134

9. Payment on Behalf of Others

	December 31, 2018	December 31, 2017
Affiliated Enterprise	$ --	$ 271

10. Refundable Deposits

	December 31, 2018	December 31, 2017
Serial Investment	$ 358	$ 358

11. Accounts Payable

	December 31, 2018	December 31, 2017
Affiliated Enterprise	$ 4	$ --

12. Other Payables

	December 31, 2018	December 31, 2017
Affiliated Enterprise	$ 188	$ 154

(3) Key Management Remuneration Information

	2018	2017
Salary and Other Short-Term Employee Benefits	$ 7,356	$ 8,714
Termination Benefits	--	--
Benefits After Retirement	217	273
Other Long-Term Benefits	--	--

Share-Based Payment	--	--
Total	$ 7,573	$ 8,987

8. Pledged Asset

The details of the merged Company's assets collaterals are as follows:

Asset Items	Collateral Purpose	Book Value December 31, 2018	Book Value December 31, 2017
Other financial assets - current	Long - and Short-Term Warranty Loan	$ 5,398	$ 9,440
Other financial assets - current	Credit Purchases for Fuel	100	100
Other financial assets - current	Import Goods Released Before Tax	50	50
Real Estate Investment			
Land	Long - and Short-Term Warranty Loan	16,203	17,103
Houses and Buildings	Long - and Short-Term Warranty Loan	4,954	5,375
Total		$ 26,705	$ 32,068

9. Material Commitment Events and Contingent Events

(1) Contingent Events

1. The former Chairman of the Board of the Company, I-Chin Ho, has been charged by the Taiwan New Taipei District Prosecutors Office for his involvement in the Yang Hua case, and now it has entered the substantive trial stage. The Company began to deal with the transaction related to this case in 2013, and the details of transaction amount and ending balance over the years are disclosed as follows:

	2015	2014	2013
Sale Income	$ 447,986	$ 605,073	$ 133,282
Sales Cost	(426,402)	(567,614)	(125,286)
Sales Gross Margin	$ 21,584	$ 37,459	$ 7,996
	December 31, 2015	December 31, 2014	December 31, 2013

Accounts Receivable (Including Other Receivables)	$ 235,054	$ 239,367	$ 139,947
Minus: Allowance for Bad Debts	(61,855)	--	--
	$ 173,199	$ 239,367	$ 139,947
Inventories	$ 46,234	$ --	$ --
Minus: Allowance for Inventory Write-Down Losses	(30,052)	--	--
	$ 16,182	$ --	$ --

The above accounts receivable (including other receivables) and inventories have been fully itemized as losses as of March 31, 2016.

2. Due to the credit problem of Yang Hua Technology CO LTD (Yang Hua), the Company applied to Tokio Marine Newa Insurance CO LTD (insurance company) for the claim payment of trade credit insurance on January 30, 2016. The total amount of overdue accounts of the Company in 2015 was NT$ 183,403,000, among which the insurance company shall settle 90% of the accounts, which is NT$ 165,063,000, which shall be credited to other receivables. Since the insurance company has not defined the settlement plan and settlement time, the Company applied for arbitration to The Chinese Arbitration Association on July 12, 2017, and the arbitration will be conducted after the arbitrator is selected or appointed. However, on the basis of the principle of robustness, the total amount of claims receivable shall be set aside for allowance for bad debts and shall be reversed after the claims are determined to be available.

   In addition, there was NT$ 45,691,000 of accounts receivable of Yang Hua which has not been recovered from the non-recourse assignment of accounts receivable signed with Bank SinoPac, of which the Company advanced NT$ 36,216,000 to Bank SinoPac, which is listed under other accounts payable; other receivables are insurance claims of NT$ 40,785,000, which have been fully set aside for allowance for bad debts first. The Company obtained the warrant of creditor's right of Yang Hua Technology CO LTD on January 23, 2019.

3. The litigation case of payment settlement for goods between the Company and OTE Power Corp. The Company won the first instance on June 6, 2018, and OTE Power Corp filed an appeal on June 14, 2018. As on December 31, 2018, the Company's accounts receivable totaled NT$ 13,750,000, with 100% allowance for bad debts.
4. On February 17, 2017, the Securities and Futures Investors Protection Center filed a lawsuit against the Company and the relevant persons for the amount of NT$ 113,710,000 in accordance with the provisions of the Securities Investors and Futures Traders Protection Law against the former person in charge of the Company I-Chin Ho and other persons for allegedly violating the Securities and Exchange Act and other matters. The Company has previously purchased liability insurance in accordance with Article 39 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies with a coverage of US$ 5,000,000. The Company has appointed a lawyer to handle the relevant litigation matters, and the court is currently hearing.

(2) Commitment Events

1. Operating Lease Agreement

   Please refer to Note 6 (32).

2. As of December 31, 2018, the Company provides a certificate of deposit for customs to guarantee the payment of import goods before tax. The amount is NT$ 50,000.

10. Material Disaster Losses: No such incident.

11. Material Subsequent Events: No such incident.

12. Others

(1) On March 30,2018, the Company's board of directors resolved to introduce strategic partners, invest in or acquire new businesses in order to expand the

operation scale, ensure the long-term operation of the company, increase the working capital of the company, repay the loan, save the interest expense, and improve the financial structure, so as to reduce the financial operation risk of the company. By measuring the current capital market situation and the timeliness of raising funds and other factors, it is proposed to raise funds by private offering in accordance with Article 43-6 of the Securities and Exchange Act. The private offering will issue new shares with a face value of NT$ 10 per share, with the total number of shares issued not exceeding 61,700,000 shares, and authorize the board of directors to issue new shares in batches within one year.

(2) Capital Risk Management

The objective of the merged company's capital management is to ensure that the merged company can continue to operate, maintain the optimal capital structure to reduce capital costs and provide remuneration to shareholders. To maintain or adjust capital structure, the merged company may adjust the amount of dividends paid to shareholders, return capital bonus to shareholders, issue new shares or sell assets to reduce debt. The merged company will monitor its capital by regularly reviewing the ratio of liabilities to assets. The capital of the merged company is the "total equity" shown in the balance sheet, which is equal to the total assets minus the total liabilities. As of December 31, 2018 and 2017, the merged company's liability/asset ratios are as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 99,180	$ 128,841
Total assets	$ 216,104	$ 267,452
Liability-to-Capital Ratio	46%	48%

(3) Financial Risk of Financial Instruments

1. Categories of Financial Instrument

	December 31, 2018	December 31, 2017
Financial Assets		
Financial Assets Measured at Fair Value Through Other Comprehensive Income		
Select the Designated Equity Instrument Investment	$ --	$ --
Available-for-Sale Financial Assets		
Financial Assets Carried at Cost	$ --	$ --
Financial Assets Measured at Amortized Cost/		
Loans and Receivables		
Cash and cash equivalents	$ 39,011	$ 47,663
Notes receivable	244	454
Account receivables	76,183	90,703
Other accounts receivable	2,186	2,886
Other Financial Assets	5,548	9,590
Guarantee deposits paid	903	1,574
	$ 124,075	$ 152,870
Financial Liabilities		
Financial Liabilities Measured at Amortized Cost		
Short-term borrowings	$ --	$ --
Accounts payable	36,173	45,181
Other accounts payable	48,404	48,296
Long-term Loans (Including Long-term Liabilities Due Within One Year)	11,947	32,174
Guarantee deposits received	--	--
	$ 96,524	$ 125,651

2. Financial Risk Management Objectives and Policies

The main financial instruments of the merged company include equity investments, notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, bank loans, accounts payable and other payables.

The financial risk management objectives of the merged company are mainly to manage market risks, credit risks and liquidity risks related to operational activities, and to identify, measure and manage such risks according to policies and risk preferences.

The merged company has established appropriate policies, procedures and internal controls for financial risk management in accordance with the relevant standards, and the important financial activities shall be reviewed by the board of directors in accordance with the relevant standards and internal control system.

During the implementation of the financial management activities, the merged company shall strictly comply with the relevant provisions of financial risk management.

In order to reduce and manage related financial risks, the merged company is committed to analyzing, identifying and evaluating the possible adverse effects of related financial risk factors on the financial of the merged company, and proposing relevant solutions to avoid the adverse factors arising from financial risks.

(1) Market risk

The market risk of the merged company is the risk that the fair value or cash flow of the financial instrument may fluctuate due to the change of the market price. Market risk mainly includes exchange rate risk, interest rate risk and other price risks. In practice, it is rare for a single risk variable to change independently, and the changes of each risk variable are usually correlated. However, the following risk sensitivity analysis does not consider the interaction of related risk variables.

A. Currency Risk

The exchange rate risk of the merged company is mainly related to business activities (the currency used for income or expenses is different from the functional currency of the merged company) and the net investment of foreign operating institutions.

The foreign currency receivable of the merged company is the same as part of the foreign currency payable, and a considerable part of the position will produce a natural hedging effect. This natural hedging method does not comply with the provisions of hedge accounting, so it does not adopt hedge accounting

The exchange rate risk of the merged company mainly comes from cash, accounts receivable, accounts receivable - affiliate net amount, other receivables, other receivables - affiliate, bank loan, accounts payable and other payables denominated in foreign currencies, which generate foreign currency conversion profits at the time of conversion.

The unrealized conversion profits and losses of the monetary items of the merged company due to the significant impact of exchange rate fluctuations are explained as follows:

	2018		
	Foreign Currency ($1,000)	Exchange Rate	Unrealized Exchange Profit (Loss) (NTD)
Financial Assets			
Monetary Items			
USD : NTD	$ 3,323	30.7200	($ 41)
Singapore : NTD	1	22.5000	(1)
HKD : NTD	489	3.9240	2
RMB : NTD	5,500	4.4730	--
KRW : NTD	55	0.0297	--
Financial Liabilities			
Monetary Items			
USD : NTD	420	30.7200	50
RMB : NTD	2,307	4.4730	1
HKD : NTD	186	3.9240	--

	2017		
	Foreign Currency ($1,000)	Exchange Rate	Unrealized Exchange Profit (Loss) (NTD)
Financial Assets			

Monetary Items			
USD : NTD	$ 3,218	29.7800	($ 1,018)
Singapore : NTD	1	22.3100	(1)
HKD : NTD	41	3.8150	(6)
RMB : NTD	118	4.5730	--
KRW : NTD	55	0.0281	--
USD : HKD	153	7.8060	9
RMB : HKD	24	1.1987	2
Financial Liabilities			
Monetary Items			
USD : NTD	651	29.7800	247
RMB : NTD	64	4.5730	1
HKD : NTD	350	3.8150	27

The sensitivity analysis of the merged company's exchange rate risk mainly focuses on the impact of the foreign currency appreciation/depreciation on the Company's profits, losses and equities on the major foreign currency monetary items at the end of the financial reporting period.

The sensitivity analysis is based on the assets and liabilities of the merged company in non-functional currencies with significant exposure to exchange rate fluctuations on the balance sheet date. The relevant information is as follows:

December 31, 2018

				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Amount (NTD)	Fluctuation Amplitude	Effect from Profit and Loss	Other Comprehensive Profit and Loss Effects
Financial Ass						
Monetary Iter						
USD	$ 3,323	30.7200	$ 102,083	5%	$ 5,104	$ --
HKD	489	3.9240	1,919	5%	96	--
RMB	5,500	4.4730	24,602	5%	1,230	--
KRW	55	0.0277	2	5%	--	--
SGD	1	22.5000	23	5%	1	--
Financial						
Monetary Iter						
USD	420	30.7200	12,902	5%	645	--
RMB	2,307	4.4730	10,317	5%	516	--
HKD	186	3.9240	730	5%	36	--

	December 31, 2017					
				Sensitivity Analysis		
	Foreign Currency	Exchange Rate	Carrying Amount (NTD)	Fluctuation Amplitude	Effect from Profit and Loss	Other Comprehensive Profit and Loss Effects
Financial Ass						
Monetary Ite						
USD	$ 3,371	29.7800	$ 100,388	5%	$ 5,019	$
HKD	41	3.8150	156	5%	8	--
RMB	2,168	4.5730	9,914	5%	496	--
KRW	55	0.0281	2	5%	--	--
SGD	1	22.3100	22	5%	--	--
Financial						
Monetary Ite						
USD	651	29.7800	19,387	5%	969	--
RMB	2,315	4.5730	10,586	5%	529	--
HKD	350	3.8150	1,335	5%	67	--

B. Interest Rate Risk

Interest rate risk is the risk that the fair value of financial instruments or future cash flows fluctuate due to changes in market interest rates. The interest rate risk of the merged company mainly comes from floating rate loans. The merged company manages interest rate risk by maintaining an appropriate floating rate portfolio. The merged company regularly assesses risk aversion in line with interest rate views and established risk preference to ensure the most cost-effective risk aversion strategy is adopted.

The interest rate exposure of the financial assets and financial liabilities of the merged company is indicated in the liquidity risk in this note.

The sensitivity analysis is based on the interest rate exposure of the instrument at the end of the reporting period. For floating rate liabilities, the analysis assumes that the outstanding amount of liabilities at the end of the reporting period is outstanding throughout the year. The rate of change used by the merged company to report the interest rate to the principal management is 1% increase or decrease of the interest rate, which also represents the management's assessment of the reasonable range of possible changes in the interest rate.

If the interest rate increases or decreases by 1%, and all other variables remain unchanged, the net losses of the merged company on December 31, 2018 and 2017 will increase or decrease by NT$ 119,000 and NT$ 322,000, mainly due to the variable interest rate loans of the merged company.

(2) Credit Risk

Credit risk refers to the risk that the trading counterparty fails to fulfill its obligations contained in the contract and causes financial loss. The credit risk of the merged company is caused by business activities (mainly notes receivable and accounts) and financial activities (mainly bank deposits and various financial instruments).

All units of the merged company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all trading counterparties is based on the financial position of the trading counterparty, the rating of the credit rating agency, the previous trading experience, the current economic environment and the internal rating criteria of the merged company.

The receivables of the merged company mainly refer to the payment for sales goods to be received from customers. According to the past collection experience of customers, the management of the merged company evaluates that there is no significant credit risk.

The finance department of the merged company shall manage the credit risk of bank deposits, fixed income securities and other financial instruments in accordance with the merged company policy. There is no significant credit risk due to the fact that the merged company's trading object is determined by internal regulatory procedures and is a bank with good credit standing and investment grade financial institutions, corporate organizations and government agencies.

(3) Liquidity risk

Liquidity risk refers to the risk that the merged company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations.

The merged company manages and maintains sufficient positional cash and equivalent cash to support the operations of the combined company and mitigate the impact of cash flow fluctuations. The management of the merged company supervises the use of the bank's financing line and ensures compliance with the terms of the loan agreement.

Bank loan is an important source of liquidity for the merged company. As of 2018 and December 31, 2016, the merged company has no untapped bank financing limit.

Liquidity and Interest Rate Risk Statement

The following table details the maturity analysis of the remaining non-derivative financial liabilities during the agreed repayment period of the merged company. It is based on the earliest date on which the merged company may be required to repay and is based on the undiscounted cash flow of financial liabilities, including interest paid at variable rates and cash flow of principal, without taking into account the probability that the bank may exercise its right to demand immediate repayment from the merged company.

December 31, 2018				
Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total

Non-Derivative Financial Liabilities					
Accounts Payable (Includin Affiliate)	$ 36,173	$ --	$ --	$ --	$ 36,173
Other Payables (Including Affiliate)	48,404	--	--	--	48,404
Long-Term Loan (Including Expiration Within One Year	12,056	--	--	--	12,056
	$ 96,633	$ --	$ --	$ --	$ 96,633

	December 31, 2017				
	Less than One Year	One to Three Years	Three to Five Years	More than Five Years	Total
Non-Derivative Financial Liabilities					
Accounts Payable (Includin Affiliate)	$ 45,181	$ --	$ --	$ --	$ 45,181
Other Payables (Including Affiliate)	48,296	--	--	--	48,296
Long-Term Loan (Including Expiration Within One Year	20,856	12,050	--	--	32,906
	$ 114,333	$ 12,050	$ --	$ --	$ 126,383

The aforementioned amount of the floating rate instrument for the non-derivative liabilities is subject to change as the floating rate differs from the estimated interest rate at the end of the reporting period.

(4) Information of Fair Value

1. The levels of assessment techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: The input value of this level is the public quotation of the same asset or liability in the active market (without adjustment). Active markets refer to markets that meet all the following conditions: The commodities traded in the market are homogeneous; willing buyers and sellers are readily available in the market and price information is available to the general public. Including the fair value of the TWSE &TPEx listed stock investment and the beneficiary certificate of the combined company.

Level 2: The input values of this level include observable prices other than those contained in the first level public quotation, including observable input values obtained directly (e.g., price) or indirectly (e.g., derived from price) from the active market. Including the fair value of the convertible corporate bonds issued by the merged company, their repurchase rights and redemption rights.

Level 3: The input value of this level is not the input value of assets or liabilities based on observable market data.

No financial or non-financial instruments measured at fair value as of December 31, 2018.

2. Financial Instruments Not Measured at Fair Value

Cash and equivalent cash, notes receivable, accounts receivable, other receivables, other financial assets, refundable deposits, bank loans, notes payable, accounts payable and other carrying amounts payable are reasonable approximations of fair value.

3. For the financial and non-financial instruments measured at fair value, the merged company is classified on the basis of the nature, characteristic, risk and fair value levels of its assets and liabilities, the information is as follows:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets				
Repeated Fair Value				
Financial Assets Measured at Fair Value Through Other Comprehensive Income				
Non TWSE &TPEx Listed Stocks	$ --	$ --	$ --	$ --

4. The methods and assumptions used by the merged company to measure fair value are described as follows:

(1) The TWSE &TPEx listed stock and beneficiary certificate of the merged company are the fair value input value (level 1) based on the closing price and net value of the market price

respectively.

(2) In addition to the above mentioned financial instruments with active market, the fair value of other financial instruments is obtained by means of evaluation technique or by referring to the quotation of the trading counterparty. The fair value obtained through the evaluation technology can be calculated by referring to the current fair value of financial instruments with similar substantial conditions and characteristics, cash flow discount method or other evaluation techniques, including using the market information available on the consolidated balance sheet date.

(3) The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all the relevant factors of the financial and non-financial instruments held by the merged company. Therefore, estimates of the evaluation model can be adjusted according to additional parameters, such as model risk or liquidity risk. According to the management policy of the fair value evaluation model of the merged company and the related control procedures, the management believes that the evaluation adjustment is appropriate and necessary to express the fair value of financial and non-financial instruments in the consolidated balance sheet. Price information and parameters used in the evaluation process are carefully assessed and appropriately adjusted to current market conditions.

5. There is no transfer between the fair value measurement of Level 1 and Level 2 between January 1, 2018 and December 30, 2017.

6. Changes in Level 3

	2018
January 1	$ --
Recognized in Profit of Other Comprehensive Income	--
December 31	$ --

7. The finance department is responsible for verifying the fair value

of financial instruments in the merged company's evaluation process of fair value classified as level 3 and uses independent sources to make the evaluation results close to the market state, confirm that the data source is independent, reliable, consistent with other resources and represents the executable price, and regularly calibrate the evaluation model, conduct roll back testing, update the input values and information required by the evaluation model and any other necessary fair value adjustments to ensure that the evaluation results are reasonable.

8. Quantitative Information of Material Unobservable Input Values of Level 3 Fair Value Measurement

	December 31, 2018 Fair Value	Valuation Technique	Material Unobservable Input Value	Relationship Between Input Value and Fair Value
Non-Derivative Equity Instrument				
Japan Bull Will Group Stocks	$ --	Net Asset Value Method	N/A	N/A

13. Additional Disclosure Items

At the time of the preparation of the consolidated financial statements, material transactions between the parent company and the subsidiary company and their balances have been completely eliminated.

(1) Information on Material Transactions:

Number	Item	Description
1	Loans to others.	None
2	Endorsement for others.	None
3	Marketable securities held at the end of the period.	Table I
4	Cumulative purchases or sales of the same marketable securities amount to NT$ 300 million or more than 20% of paid-in capital.	None

5	The amount of the real estate acquired amounts to NT$ 300 million or more than 20% of the paid-up capital.	None
6	The amount of the real estate disposed amounts to NT$ 300 million or more than 20% of the paid-in capital.	None
7	The amount of import and sales transactions amount to NT$ 100 million or more than 20% of paid-up capital with the affiliates.	Table II
8	Receivables from affiliates amount to NT$ 100 million or more than 20% of paid-in capital.	None
9	Engaging in derivatives trading.	None
10	Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries.	Table III

(2) Information on Reinvestment in Other Companies: Table 4.

(3) Investment information on Mainland China: Table 5.

Table I

Marketable securities held at the ending period (excluding the controls of investment subsidiaries, affiliated enterprises and joint ventures):

Unit: NT$ 1,000

Holding Company	Types of Marketable Securities	Name of Marketable Securities	Relationship with the Marketable Securities Issuer	Accounting Subjects	End of Period				Note	
					Shares (1,000 shares) or Unit Number (1,000 units)	Carrying Amount (Note 2)	Shareholding Percentage (%)	Fair Value	Shares with Collateral Provision	Collateral Loan Amount
BULL WILL Co., Ltd.	Stocks	Japan Bull Will Group Incorporation	None	Note 1	--	$ --	18	$ -	--	$ -

Note 1: Financial Assets Measured at Cost - Non-Current

Note 2: The amount of accumulated impairment has been deducted.

Table II

The amount of import and sales with related parties up to NT$ 100 million or more than 20% of the paid-in capital:

Unit: NT$ 1,000

Purchase (Sale) Companies	Name of Transaction Object	Relationship	Transaction Status				Status and Reasons Why Trading Terms Are Different from Ordinary Trading Terms (Note 1)		Bills and Accounts Receivable (Payable)		Notes (Note 2)
			Purchase (Sale) of Goods	Amount	Percentage of Total Purchase (Sale)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Bills and Accounts Receivable (Payable)	
The Company	Huizhou Jun Chao Electronic Co., Ltd.	Subsidiaries	Purchase of Goods	$ 134,193	58%	Monthly Statement for 150 Days	$ --	--	$ --	--	Note 2-1

Note 1: If the transaction conditions of the affiliates are different from the general transaction conditions, the status and reasons of the differences shall be stated in the columns of unit price and credit period.

Note 2: If there is a case of advance receipt (payment), the reasons, terms of the contract, amount and differences from the general transaction type should be stated in the notes column.

Note 2-1: Due to the operational requirements of the Group, in order to provide the material purchase and processing funds of our subsidiary Huizhou Jun Chao Electronic CO LTD, the payment in advance was NT$ 3,113,000, which is similar to the general transaction pattern.

Note 3: Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 10% of the equity of balance sheet vested in the owner of the parent company.

Table 3 Business relationship and important transactions between parent and subsidiary companies and between subsidiaries and their amounts: Unit: NT$ 1,000

Number (Note 1)	Transactor Name	Transacting Objects	Relation with Transactor (Note 2)	Transacting Status			
				Item	Amount	Transacting Condition	Percentage of the Consolidated Total Revenue or Total Assets (Note 3)
0	BULL WILL Co., Ltd.	BULL WILL Electronics Co., Ltd.	(1)	Sale Income	$ 4,179	Similar to the General Transaction Pattern	2
0	BULL WILL Co., Ltd.	Dongguan Zhao Kang Electronic Co., Ltd.	(1)	Sale Income	8,946	Similar to the General Transaction Pattern	4
0	BULL WILL Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	(1)	Sale Income	56,304	Similar to the General Transaction Pattern	23
0	BULL WILL Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	(1)	Purchase of Goods	134,193	Similar to the General Transaction Pattern	55
0	BULL WILL Co., Ltd.	BULL WILL Electronics Co., Ltd.	(1)	Account receivables	25,006	Similar to the General Transaction Pattern	12
0	BULL WILL Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	(1)	Account receivables	79,560	Similar to the General Transaction Pattern	37
0	BULL WILL Co., Ltd.	SIGCUS USA INC.	(1)	Account receivables	34,763	Similar to the General Transaction Pattern	16
0	BULL WILL Co., Ltd.	Huizhou Jun Chao Electronic Co., Ltd.	(1)	Payment in Advance	3,113	Similar to the General Transaction Pattern	1
0	BULL WILL Co., Ltd.	Huizhou Bullwill Electronic Co., Ltd.	(1)	Other accounts receivable	3,132	Similar to the General Transaction Pattern	1
1	Huizhou Jun Chao Electronic Co., Ltd.	Dongguan Zhao Kang Electronic Co., Ltd.	(3)	Other accounts payable	32,144	Similar to the General Transaction Pattern	15
2	Huizhou Bullwill Electronic Co., Ltd.	Serial Investment CO LTD	(3)	Other accounts payable	7,138	Similar to the General Transaction Pattern	3
3	BULL WILL Electronics Co., Ltd.	Serial Investment CO LTD	(3)	Other accounts payable	10,083	Similar to the General Transaction Pattern	5
4	SIGCUS USA INC.	Visco International Co., Ltd.	(3)	Other accounts payable	19,163	Similar to the General Transaction Pattern	9

1. Enter 0 for parent company.
2. The subsidiaries shall be numbered in numerical order starting from the Arabic numeral 1.

Note 2: There are three types of relationships with a trader, just mark the category. (if it is the same transaction between the parent company and the subsidiaries or between the subsidiaries, there is no need to repeat the disclosure. For example, if the parent company has disclosed the transaction between the subsidiary company and the parent company, the subsidiary part does not need to be disclosed repeatedly. A transaction between a subsidiary and its subsidiaries, if one has been disclosed, is no longer required for another:

(1) Parent Company vs Subsidiary Company

(2) Subsidiary Company vs Parent Company

(3) Subsidiary Company vs Subsidiary Company

Note 3: The ratio of the transaction amount to the consolidated total revenue or total assets, if it is an item of assets and liabilities, shall be calculated by the ratio of the ending balance to the consolidated total assets. In the case of profit and loss items, the cumulative amount shall be calculated as a proportion of the consolidated total revenue.

Note 4: The company may decide whether or not to list the material transactions in this table in accordance with the principle of materiality.

Table 4 Information on Reinvestment in Other Companies

Information about the investee in which Bull Will Group Incorporation has control or material influence (excluding mainland investes):

Unit: NT$ 1,000

Investment company	Name of Investees	Location	Main Business Items	Original Investment Amount		Held at the End of the Period			The Investee's Current (Loss) Profit	Investment (Loss) and Gain Recognized Investment (Loss) Gain	Note
				End of Current Period	End of Previous Period	Shares (1,000 shares)	Ratio %	Carrying Amount			
BULL WILL Co., Ltd.	Hong Kong Bull Will Holding CO LTD	Hong Kong	General Investment Business	$ 347,735 (HKD86,165；USD355)	$ 347,735 (HKD86,165；USD355)	10,374	100	($92,389)	($ 20,254)	($ 20,254)	Subsidiaries
BULL WILL Co., Ltd.	BULL WILL TRADING(S) PTE LTD	Singapore	Precious Metal Trading	$ 1,564 (SGD 70)	--	70	48.95	4,279	5,501	3,018	Investment by Equity Method
Hong Kong Bull Will Holding CO LTD	Hong Kong Serial Investment Co., Ltd.	Hong Kong	General Investment Business	$ 347,727 (HKD86,165；USD355)	$ 347,727 (HKD86,165；USD355)	10,374	100	(91,430)	(20,253)	(20,253)	Subsidiaries
Hong Kong Serial Investment Co., Ltd.	BULL WILL Electronics Co., Ltd.	British Virgin Islands	Agent for the Company's Products	$ 69,290 (HKD16,950)	$ 69,290 (HKD16,950)	2	100	(32,814)	(6,471)	(6,471)	Subsidiaries
Hong Kong Serial Investment Co., Ltd.	Visco International Co., Ltd.	Belize	General Investment Business	$ 11,564 (USD 355)	$ 11,564 (USD 355)	355	55	(19,092)	(80)	(44)	Subsidiaries
Visco International Co., Ltd.	SIGCUS USA INC.	USA	TV Trading	$ 610 (USD 20)	$ 610 (USD 20)	1,000	100	(53,829)	(55)	(55)	Subsidiaries

Table 5 Investment Information on Mainland China Unit: NT$ 1,000

Name of Investees in Mainland China	Main Business Items	Paid-Up Capital	Investment Method (Note 1)	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Current	Amount of Investment Remitted or Recovered During the Current Period		Accumulated Investment Amount Remitted from Taiwan at the Ending of the Current Period	The Investee's Current (Loss) Profit	Shareholding Ratio of Direct or Indirect Investment of the Company	Investment (Loss) and Gain Recognized at Current Period	Ending Investment Book Value	Investment Income Remitted Home as of the Current Period	Note
					Remitted	Recovered							

				Period									
Huizhou Jun Chao Electronic Co., Ltd.	Agent for the Company's Products and Manufacturing	$51,403 (HKD13,000)	(2)	$ 47,151 (HKD 12,050)	$ --	$ --	$ 47,151 (HKD 12,050)	($ 15,828)	100%	($ 15,828)	($ 102,103)	$ --	Note 2 (2)C
Dongguan Zhao Kang Electronic Co., Ltd.	Agent for the Company's Products	35,738 (HKD9,000)	(2)	35,738 (HKD 9,000)	--	--	35,738 (HKD 9,000)	(1,293)	100%	(1,293)	38,264	--	Note 2 (2)C
Huizhou Bullwill Electronic Co., Ltd.	Agent for the Company's Products and Manufacturing	19,102 (HKD5,000)	(2)	19,102 (HKD 5,000)	--	--	19,102 (HKD 5,000)	2,984	100%	2,984	5,569	--	Note 2 (2)C
Huizhou Bai Qin Electronics Co., Ltd.	Agent for the Company's Products and Manufacturing	78,092 (HKD20,400)	(2)	78,092 (HKD 20,400)	--	--	78,092 (HKD 20,400)	(92)	100%	(92)	110	--	Note 2 (2)C

Accumulated Investment Amount Remitted from Taiwan to Mainland China at the End of the Period	Approved Investment Amount of Investment Commission, MOEA	Investment Ceiling in Mainland China In accordance with Investment Commission, MOEA (Note 4)
$307,603(USD700HKD72,910)	$307,603 (USD700HKD72,910)	79,527

Note 1: Investment methods can be divided into the following three categories, simply mark the category:

(1) Direct investment in mainland China.

(2) Reinvest in mainland China through a third region company.

(3) Other methods.

Note 2: In the column of Current Period Recognized Investment Gains and Losses:

(1) If there is no investment gain or loss in preparation, it shall be noted.

(2) The foundation for recognition of investment gains and losses shall be noted in the following three categories.

A. Financial statements audited by an international CPA firm in partnership with an CPA firm of the Republic of China.

B. Financial statements audited by CPA of parent company in Taiwan.

C. Others: The evaluation of the investee's financial statements audited by accountants during the same period.

Note 3: Figures in this table should be shown in NTD.

Note 4: For other enterprises other than small and medium-sized enterprises, the limit shall be 60% of the net value or the combined net value, whichever is higher.

Note 5: The Company invests in mainland companies through Hong Kong Serial Investment CO LTD, which is owned by Hong Kong Bull Will Holding CO LTD.

14. Department Information

(1) General Information

The major business activities of the merged company in 2018 and 2017 were the processing of electronic materials and parts, the import and export of electronic materials and parts, and the sale of television sets, etc. The merged company reporting departments include Bull Will Group Incorporation (Bull Will), Bull Will Electronics CO LTD (Bull Will Electronics), Huizhou Jun Chao Electronic CO LTD (Huizhou Jun Chao), Huizhou Bull Will Electronics CO LTD (Huizhou Bull Will), SIGCUS USA INC.(SIGCUS), and 7 reporting departments including the closed departments and others.

(2) Department Information

The merged company's reporting department is a strategic business unit to provide different products and services. The accounting policies of the operating department are the same as the summary statement of important accounting policies in Note 4.

The amount of merged company' s reporting department revenue, profit and loss, assets and liabilities and the corresponding amount of adjustment to the merged company are summarized as follows:

	2018								
	Bull Will	Bull Will Electronics	Huizhou Jun Chao	Huizhou Bull Will	SIGCUS	Closed Departments	Other	Adjustment and Write-Off	Total
Income									
Net Income from External Customers	$ 199,123	$ 4,177	$ 3,819	$ 23,463	$ --	$ --	$ 15,293	$ --	$ 245,875
Net Income Between Departments	69,659	--	134,444	765	--	--	22	(204,890)	--
Total Income	$ 268,782	$ 4,177	$ 138,263	$ 24,228	$ --	$ --	$ 15,315	($ 204,890)	$ 245,875
Interest income	$ 83	$ 1	$ 10	$ 9	$ --	$ --	$ 50	$ --	$ 153
Interest expense	(1,181)	--	--	--	--	--	(245)	--	(1,426)
Depreciation	(1,457)	--	(1,655)	(1)	(96)	--	--	--	(3,209)

Profit and Loss Shares Recognized by the Equity Method	(17,236)	--	--	--	--	--	(40,998)	60,171	1,937
Material Income and Expense Items: Investment Profit/Loss	(323)	--	--	--	--	--	--	--	(323)
Exchange Profit/Loss	7,957	(11)	4,341	659	--	--	1,589	1,857	2,678
Impairment Loss	--	--	--	--	--	--	--	--	--
Departmental Profit and Loss	($ 21,026)	($ 6,471)	$ 15,828	$ 2,984	($ 55)	($ 92)	($ 41,880)	$ 61,767	($ 20,600)
Assets									
Capital Expenditure of Non-Current Asset	$ 114	$ --	$ 6	$ --	$ --	$ --	$ --	$ --	$ 120
Investments accounted for using the equity method	(88,110)	--	--	--	--	--	(201,495)	293,884	4,279
Departmental Assets	$ 302,918	$ 3,352	$ 24,596	$ 23,210	$ 108	$ 320	$ 59,466	($ 197,866)	$ 216,104
Departmental Liabilities	$ 170,373	$ 36,166	$ 126,698	$ 17,640	$ 53,938	$ 211	$ 238,771	($ 544,617)	$ 99,180

	2017								
	Bull Will	Bull Will Electronics	Huizhou Jun Chao	Huizhou Bull Will	SIGCUS	Closed Departments	Other	Adjustment and Write-Off	Total
Income									
Net Income from External Customers	$ 218,608	$ 22,177	$ 3,571	$ 16,731	$ 2,156	$ --	$ 23,711	$ --	$ 286,954
Net Income Between Departments	115,054	--	150,297	1,830	--	--	16	(267,197)	--
Total Income	$ 333,662	$ $22,177	$ 153,868	$ 18,561	$ 2,156	$ --	$ $23,727	($ 267,197)	$ 286,954
Interest income	$ 72	$ 3	$ 5	$ 11	$ --	$ --	$ 58	$ --	$ 149
Interest expense	(3,007)	--	--	--	--	--	--	--	(3,007)
Depreciation	(1,603)	--	(2,115)	(191)	(124)	--	--	--	(4,033)
Profit and Loss Shares Recognized by the Equity Method	(6,076)	--	--	--	--	--	(18,738)	24,814	--
Material Income and Expense Items:									
Investment Profi Disposed	--	--	--	--	--	--	112	--	112
Exchange Profit/	(15,358)	303	6,905	475	--	--	(2,918)	--	(10,593)
Departmental Profit and Loss	($ 55,694)	($ 5,164)	($ 129)	$ 3,908	($ 7,795)	($ 97)	($ 319)	$ 6,076	($ 59,214)
Assets									
Capital Expenditure of Non-Current Asset	$ --	$ --	$ 149	$ --	$ --	$ --	$ --	$ --	$ 149
Investments accounted for using the equity method	(71,765)	--	--	--	--	--	(212,128)	283,893	--
Departmental Assets	$ 336,506	$ 8,171	$ 42,006	$ 15,885	$ 4,227	$ 435	$ 62,950	($ 202,728)	$ 267,452
Departmental Liabilities	$ 182,788	$ 33,693	$ 130,409	$ 13,207	$ 56,356	$ 229	($ 85,113)	($ 202,728)	$ 128,841

Adjustment and write-off is the elimination of inter-departmental incomes, profits and losses, departmental assets and liabilities.

Information on Inter-departmental Income, Profit and Loss, and Departmental Assets and Liabilities

1. Departmental Income

	2018	2017
Total Departmental Income	$ 435,450	$ 530,424
All Other Departmental Income	15,315	23,727

Elimination of Inter-departmental Income	(204,890)	(267,197)
Total Income	$ 245,875	$ 286,954

2. Departmental Profit and Loss

	2018	2017
Total Departmental Profit and Loss	($ 40,395)	($ 64,874)
All Other Departmental Profit and Loss	(41,880)	(319)
Elimination of Inter-departmental Profit and Loss	61,767	6,076
Minus: Profit and Loss of Closed Departments	(92)	97
Departmental Pretax Profit and Loss	($ 20,600)	($ 59,214)

3. Departmental Assets

	2018	2017
Total Departmental Assets	$ 354,504	$ 407,230
All Other Departmental Assets	59,466	62,950
Elimination of Inter-departmental Assets	(197,866)	(202,728)
Departmental Assets	$ 216,104	$ 267,452

4. Departmental Liabilities

	December 31, 2018	December 31, 2017
Total Departmental Liabilities	$ 405,026	$ 416,682
All Other Departmental Liabilities	238,771	(85,113)
Elimination of Inter-departmental Liabilities	(544,617)	(202,728)
Departmental Liabilities	$ 99,180	$ 128,841

(4) Information on Product Categories

The income sources and balance details of the merged company are composed as follows:

	2018		2017	
Income Composition	Amount	%	Amount	%
Electronic	$ 245,875	100	$ 284,798	100

Component Income				
Television Income	--	--	2,156	--
	$ 245,875	100	286,954	100

(5) Information on Regions

	2018		2017	
Regions	Income	Non-current assets	Income	Non-Current Asset
Taiwan	$ 31,466	$ --	$ 35,391	$ 34,055
Asia	211,938	--	247,548	--
America	--	--	2,156	--
Europe	2,471	--	1,859	--
Total	$ 245,875	$ --	$ 286,954	$ 34,055

(6) VIP Information

In 2018 and 2017, the merged company's sales amount to a single client accounts for more than 10% of the net operating income. The details are as follows:

	2018		2017	
Client Name	Amount	%	Amount	%
Client A	$ 45,330	18	$ 43,739	15
Client B	17,702	7	29,955	10
Client C	30,401	12	28,883	10