Chaintech Technology Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

For the Years Ended December 31, 2018 and 2017

(Stock Code: 2425)

Company Address: 3F., No. 48-3, Minsheng Road, Xindian District, New Taipei City

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Chaintech Technology Corp. and subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

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Chaintech Technology Corp. and Subsidiaries

Declaration of Consolidated Financial Statements of Affiliated Companies

The entities that are required to be included in the Consolidated Financial Statements of Chaintech Technology Corp. as of and for the year ended December 31, 2018, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements." In addition, the information required to be disclosed in the Consolidated Financial Statements is included in the Consolidated Financial Statements. Consequently, Chaintech Technology Corp. and subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declared by

Company Name: Chaintech Technology Corporation

Person in Charge: Shu-Jung Kao

March 22, 2019

Independent Auditors' Report

(108) Financial Review Reference No.18004488

To Chaintech Technology Corp.:

Audit Opinions

The independent auditors have audited the accompanying consolidated balance sheets of Chaintech Technology Corp. and Subsidiaries (hereinafter referred to as "the Group") as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and notes to the consolidated financial statements (including summary of significant accounting policies) for the annual period ended December 31, 2018 and 2017.

Based on our opinions, the accompanying consolidated financial statements are presented fairly in all material respects. The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), International Financial Reporting Interpretations Committee (IFRIC) Interpretations, and Standing Interpretations Committee (SIC) Interpretations endorsed by the Financial Supervisory Commission of the Republic of China, as well as the consolidated financial performance and the consolidated cash flows for the years ended December 31, 2018 and 2017, respectively.

Basis of Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Individual Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards (GAAS) of the Republic of China. Our responsibilities under those standards are further described in the section of Responsibilities of Certified Public Accountants for Auditing Financial Statements. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the foundation of our audit opinion.

Key Audit Matters

Key Audit Matters refer to matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statement of the Group for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming out opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statement of the Group for the year ended December 31, 2018 are stated as follows:

Assessment of sales allowance estimate

Description

Regarding the accounting policy of recognition for sales allowance, please refer to Notes IV (XXIV) of the consolidated financial statements; the accounting estimate and assumption of the sales allowance refer to Notes V (II) of the consolidated financial statements; the accounting description of the sales allowance refer to Notes VI (XII) of the consolidated financial statements.

The Group's calculation of the sales allowance based on the content of the sales allowance agreement is based on historical experience and other known reasons to estimate the possible product discount, which is included in the sales of the product in the current period of sales, and is classified as deduction of accounts receivable. As a result of the reduction, the accountant has listed the estimate of sales allowance as one of the most important matters for the year.

Corresponding audit procedures

The independent auditors have performed the following key audit procedures for the matter mentioned above:

1. Understand the nature of the company's operations and industry and inspect the contents of the sales allowance agreement in the sales contract, confirming that there are no significant changes in the terms of the sales allowance agreement.
2. Inspect the estimated breakdown of current sales allowance, sampled and inspected the foundation of sales allowance to individual agreement to verify the accuracy of calculation.
3. There are no material differences between the historical estimates and actual sales allowance.

Sales revenue cut-off

Description

Regarding the recognition of accounting policy for sales revenues, please refer to Notes IV (XXIV) of the consolidated financial statements. For accounting description for sales revenue, please refer to Note VI (XII) of the consolidated financial statements.

The Group has engaged in the trading and manufacturing of computer peripherals. Sales turnover of goods is recognized when the goods are delivered out. However, the sales revenue will not be recognized until the customer take the delivery of goods and the transfer control has passed. The Group mainly relies on the statements or other information provided by the depositary of the delivery warehouse, then uses the actual shipment made by the warehouse to the customer as the basis for recognizing the income.

The recognition of the turnover from the warehouse is based on the information and report provided by the depositary as the basis for recognizing the sales revenue. These revenue recognitions generally involve a large number of manual operations. Considering that the volume of the shipments of the Group is large, and the amount of transaction before and after the financial date has a significant impact on the financial statements, the independent auditors have thus listed the sales revenue as the most important matter for this year's audit.

Corresponding audit procedures

The independent auditors have performed the following key audit procedures for the matter mentioned above:

1. Understand Revenue recognition and adjustment procedures for revenue cut-off for shipment from the depositary of warehouse of the Group. Then, inspect the appropriateness of the revenue's recognition from the warehouse, including understanding of the relevant internal control procedures, obtaining information and the statements provided by the depositary.
2. Carry out an internal control test for the sales revenue from the warehouse in order to make sure that the Group determine the sales recognition when the customer receives the delivery of goods and the right of control is transferred.
3. Perform a closing test for sales revenue from delivery of warehouses for a certain period before and after the balance sheet date, including the verification of shipment certificates and

that revenue recognition is recorded in the appropriate period.

4. Perform random checks on physical stock taking and on-site inventory observation in the warehouse and check if the inventory quantity on the record is correct.

Other Matters – Parent Company Only Financial Statements

The independent auditors have also audited the parent company only financial statements of Chaintech Technology Corp. for 2018 and 2017, on which we have issued reports with unmodified opinion for reference.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statements

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

In preparing the Consolidated Financial Statements, the responsibility of the management includes assessing the Group's ability to continue as a going concern, disclosing going concern related matters, as well as adopting going concern basis of accounting unless the management intends to liquidate the Group or terminate the business, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Responsibilities of Certified Public Accountants for Auditing Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) of Republic of China will always detect a material misstatement when it exists. Misstatements may arise from fraud and error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sum could have influence on the economic decisions made by the users of the consolidated financial statements, it will be deemed as material.

As part of an audit in accordance with GAAS of Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also execute 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 that 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 adopted by the management and the reasonableness of the accounting estimates and related disclosures made accordingly.

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, determine 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 auditor's report to the related disclosures in the consolidated financial statements; or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances may cause the Group to no longer continue as a going concern.

5. Evaluate the overall expression, structure, and contents of the consolidated financial statements (including related notes) 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 with regard to the financial information of the entities within the Group to express an opinion about the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Patrick Hsu

Certified Public Accountants

Han Chi Wu

Financial Supervisory Commission

Approved Certification Number: Financial Control Certificate No. 1010034097

Former Securities and Futures Bureau Committee Approved Certification No.: (2011)TCZ(6)Z157088

March 22, 2019

Chaintech Technology Corp. and Subsidiaries
Consolidated Balance Sheets
For the years ended in December, 2018 and 2017

Unit: NT$ thousand

	Assets	Notes	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI (I)	$ 652,911	32	$ 596,533	30
1110	Financial assets at fair value through profit or loss - current	VI (II)	1,755	-	-	-
1170	Accounts receivable, net	VI (IV)	237,458	12	316,341	16
1180	Net accounts receivable - affiliated	VI (IV) and VII	685,977	34	760,762	38
130X	Inventories	VI (V)	95,833	5	114,790	6
1470	Other current assets	VI (VI) and VIII	54,727	3	53,014	3
11XX	**Total current assets**		1,728,661	86	1,841,440	93
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	VI (III)	108,985	5	-	-
1600	Property, plant and equipment	VI (VII)	122,073	6	134,335	7
1840	Deferred income tax assets	VI (XVII)	6	-	1,869	-
1900	Other non-current assets	VI (VIII)	54,778	3	10,596	-
15XX	**Total non-current assets**		285,842	14	146,800	7
1XXX	**Total assets**		$ 2,014,503	100	$ 1,988,240	100

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Chaintech Technology Corp. and Subsidiaries
Consolidated Balance Sheets
For the years ended in December, 2018 and 2017

Unit: NT$ thousand

	Liabilities and equity	Notes	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities					
2170	Accounts payable		$ 156,858	8	$ 212,724	11
2200	Other payables	VII	69,782	3	45,407	2
2230	Current income tax liabilities		52,170	3	4,374	-
2300	Other current liabilities		193	-	685	-
21XX	**Total current liabilities**		279,003	14	263,190	13
	Non-current liabilities					
2600	Other non-current liabilities		1,376	-	1,423	-
25XX	**Total non-current liabilities**		1,376	-	1,423	-
2XXX	**Total liabilities**		280,379	14	264,613	13
	Equity					
	Equity attributable to owners of the parent					
	Share capital	VI (X)				
3110	Capital of ordinary shares		1,014,988	51	1,092,488	55
	Retained earnings	VI (XI)				
3310	Legal reserve		97,859	5	97,859	5
3320	Special reserve		88,481	4	84,131	4
3350	Retained earnings		645,310	32	478,452	24
	Other equity					
3400	Other equity		(112,514)	(6)	(29,303)	(1)
31XX	**Total equity attributable to owners of the parent**		1,734,124	86	1,723,627	87
3XXX	**Total equity**		1,734,124	86	1,723,627	87
	Material contingent liabilities and unrecognized contractual commitments	IX				
	Significant events after the end of the financial reporting period	XI				
3X2X	**Total liabilities and equity**		$ 2,014,503	100	$ 1,988,240	100

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman：Shu-Jung Kao Manager：Shu-Jung Kao Accounting Officer：Yu-Nu Lai

Chaintech Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended in December, 2018 and 2017

Unit: NT$ thousand

(Except for earnings per share expressed in New Taiwan Dollar)

	Items	Notes	2018 Amount	2018 %	2017 Amount	2017 %
4000	**Operating revenue**	VI (XII) and VII	$ 4,083,032	100	$ 5,772,839	100
5000	**Operating costs**	VI (V) (XV)	(3,715,016)	(91)	(5,668,505)	(98)
5950	**Net operating profit**		368,016	9	104,334	2
	Operating expenses	VI (XVI) and VII				
6100	Selling expenses		(51,956)	(1)	(31,839)	(1)
6200	Administrative expenses		(50,797)	(1)	(35,505)	(1)
6300	Research and development expenses		(22,370)	(1)	(20,159)	-
6000	**Total operating expenses**		(125,123)	(3)	(87,503)	(2)
6900	**Operating profit**		242,893	6	16,831	-
	Non-operating income and expenses					
7010	Other income	VI (XIII)	23,895	-	15,182	-
7020	Other gains and losses	VI (XIV)	30,206	1	(88,271)	(1)
7050	Financial cost	VI (XV)	(2,165)	-	(1,567)	-
7000	**Total non-operating income and expenses**		51,936	1	(74,656)	(1)
7900	**Net profit (loss) before tax**		294,829	7	(57,825)	(1)
7950	Income tax (expense) benefit	VI (XVII)	(50,525)	(1)	911	-
8200	**Net income (loss)**		$ 244,304	6	($ 56,914)	(1)

(Continued)

Chaintech Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended in December, 2018 and 2017

Unit: NT$ thousand

(Except for earnings per share expressed in New Taiwan Dollar)

Code	Items	Notes	2018 Amount	2018 %	2017 Amount	2017 %
	Other comprehensive income (loss), net					
	Items that will not be reclassified to profit or loss					
8316	Unrealized valuation gain (loss) on equity instruments measured at fair value through other comprehensive income	VI (III)	($ 75,999)	(2)	$ -	-
8310	**Total amount of items that will not be reclassified to profit or loss**		(75,999)	(2)	-	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of Foreign operation.		(7,212)	-	(4,350)	-
8360	**Total amount of items that may be reclassified subsequently to profit or loss**		(7,212)	-	(4,350)	-
8300	**Other comprehensive income (loss), net**		($ 83,211)	(2)	($ 4,350)	-
8500	**Total comprehensive income (loss)**		$ 161,093	4	($ 61,264)	(1)
	Net profit (loss) attributable to:					
8610	Owners of the parent		$ 244,304	6	($ 56,914)	(1)
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 161,093	4	($ 61,264)	(1)
	Basic surplus (deficit) per share	VI (XVIII)				
9750	**Basic surplus (deficit) per share**		$ 2.39		($ 0.52)	
	Diluted surplus (deficit) per share					
9850	**Diluted surplus (deficit) per share**		$ 2.39		($ 0.52)	

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman：Shu-Jung Kao　　Manager：Shu-Jung Kao　　Accounting Officer：Yu-Nu Lai

Chaintech Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended in December, 2018 and 2017

Unit: NT$ thousand

	Notes	Attributable to the equity of parent company							
			Retained earnings			Other equity			
	Notes	Share capital-common stock	Legal reserve	Capital surplus	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains/losses on financial assets at fair value through other comprehensive income	Treasury stocks	Total equity
2017									
Balance as of January 1, 2017		$ 1,092,488	$ 88,696	$ 59,178	$ 585,869	($ 24,953)	$ -	$	$ 1,801,278
Net income (loss)		-	-	-	(56,914)	-	-	-	(56,914)
Other comprehensive income (loss)		-	-	-	-	(4,350)	-	-	(4,350)
Total comprehensive income (loss)		-	-	-	(56,914)	(4,350)	-	-	(61,264)
Appropriation and distribution of surplus in 2016									
Appropriation of legal reserve		-	9,163	-	(9,163)	-	-	-	-
Appropriation of special reserve		-	-	24,953	(24,953)	-	-	-	-
Cash dividends		-	-	-	(16,387)	-	-	-	(16,387)
Balance as of December 31, 2017		$ 1,092,488	$ 97,859	$ 84,131	$ 478,452	($ 29,303)	$ -	$	$ 1,723,627
2018									
Balance as of January 1, 2018		$ 1,092,488	$ 97,859	$ 84,131	$ 478,452	($ 29,303)	$ -	$	$ 1,723,627
Amount of adjustment caused by modified retrospective method	XII	-	-	-	(323)	-	-	-	(323)
Balance after adjustment on January 1, 2018		1,092,488	97,859	84,131	478,129	(29,303)	-	-	1,723,304
Net income		-	-	-	244,304	-	-	-	244,304
Other comprehensive income (loss)		-	-	-	-	(7,212)	(75,999)	-	(83,211)
Total comprehensive income (loss)		-	-	-	244,304	(7,212)	(75,999)	-	161,093
Appropriation and distribution of surplus in 2017									
Reservation of legal reserve				4,350	(4,350)				
Treasury stock repurchase		-	-	-	-	-	-	(150,273)	(150,273)
Cancellation of treasury stock	VI (X)	(77,500)	-	-	(72,773)	-	-	150,273	-
Balance as of December 31, 2018		$ 1,014,988	$ 97,859	$88,481	$645,310	($ 36,515)	($ 75,999)	$	$ 1,734,124

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman：Shu-Jung Kao　　Manager：Shu-Jung Kao　　Accounting Officer：Yu-Nu Lai

Chaintech Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended in December, 2018 and 2017

Unit: NT$ thousand

	Notes	2018	2017
Cash flows from operating activities			
Net profit (loss) before tax		$ 294,829	($ 57,825)
Adjustments			
Income charges (credits)			
Depreciation expense	VI (VII) (XVI)	11,953	12,183
Loss on disposal of property, plant, and equipment	VI (VII)	17	429
Valuation adjustment for financial assets at fair value through profit or loss	VI (II)	(185)	-
Interest expenses	VI (XV)	2,165	1,567
Interest income	VI (XIV)	(7,252)	(1,531)
Dividend income	VI (XIV)	(4,340)	-
Changes in assets and liabilities related to operating activities			
Net changes in assets related to operating activities			
Financial assets at fair value through profit or loss		(1,570)	-
Accounts receivable (including affiliates)		153,345	537,555
Inventories		18,957	69,865
Other current assets		(890)	6,453
Other non-current assets		538	329
Net changes in liabilities related to operating activities			
Accounts payable		(55,866)	(187,507)
Other accounts payable		24,375	(16,076)
Other current liabilities		(492)	326
Cash inflow from operations		435,584	365,768
Interest received		7,252	1,531
Capital bonus received		4,340	-
Interest paid		(2,165)	(1,567)
Income tax paid		(866)	(13,472)
Net cash inflow from operating activities		444,145	352,260

(Continued)

Chaintech Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended in December, 2018 and 2017

Unit: NT$ thousand

	Notes	2018	2017
Cash flows from investing activities			
Acquisition of fair value through other comprehensive income financial assets		(184,984)	-
Acquisition of property, plant, and equipment	6(7)	(2,213)	(3,745)
Disposal of property, plant, and equipment		-	18
(Increase) Decrease in restricted assets		19,193	-
Advanced investment payment		(44,720)	-
Advanced design payment		(20,016)	-
Net cash outflow from investing activities		(232,740)	(3,727)
Cash flows from financing activities			
Decrease in short-term loans		-	(76,533)
Deposits received		(47)	665
Cash dividends distributed	VI (XI)	-	(16,387)
Cost of treasury stocks repurchase	VI (X)	(150,273)	-
Net cash outflow from financing activities		(150,320)	(92,255)
Effect of exchange rate		(4,707)	(2,433)
Increase in cash and cash equivalents in the current period		56,378	253,845
Cash and cash equivalents balance at beginning of the period		596,533	342,688
Cash and cash equivalents balance at end of the period		$ 652,911	$ 596,533

The accompanying notes are an integral part of these parent company only financial statements. Please refer to it as well.

Chairman：Shu-Jung Kao Manager：Shu-Jung Kao Accounting Officer：Yu-Nu Lai

Chaintech Technology Corp. and Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended in December, 2018 and 2017
Unit: NT$ thousand
(Unless otherwise stated)

I. Company History

(I) The original East Chaintech Technology Corp. (hereinafter referred to as "the Company") was established in November 1986, and was renamed as Chaintech Technology Corp. in January 2013. Approved by the Securities and Futures Bureau as an OTC-listed company in December 1997, the Company was transferred to be a listed company and was listed at the stock exchange market on August 17, 2000. The Company and its subsidiaries (hereinafter referred to as "the Group") are principally engaged in the business of buying and selling and manufacturing of motherboards, display cards, and computer peripherals.

(II) Colorful Group Ltd. (hereinafter referred to as "the Colorful Group") acquired 10% equity in the Company indirectly through Zhongjie Xingye Co., Ltd., and acquired 100% equity in Yicheng International Development Co., Ltd. (which held 36.2% equity of the Company) in June 2014. Therefore, Colorful Group held 46.2% equity in the Company indirectly, and obtained more than half of the seats in the Company's Board of Directors. In June 2017, Zhongjie Xingye Co., Ltd. sold all the equity of the Company it held. In July 2016, Yicheng International Development Co., Ltd. sold the equity of the Company to 26.11%. As of December 31, 2018, the Colorful Group indirectly held 28.11% of the equity in the Company through Yicheng International Development Co., Ltd.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 21, 2019.

III. Application of New and Amended Standards and Interpretations

(I) The impact of adopting new and amended International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New/revised/amended standards, interpretations, and amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying the IFRS 9 'Financial Instruments' under IFRS 4 'Insurance Contracts'"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 'Revenue from Contracts with Customers'"	January 1, 2018
Amendments to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017

New/revised/amended standards, interpretations, and amendments	Effective date by International Accounting Standards Board
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Annual Improvements in IFRSs 2014-2016 Cycle - IFRS 1 "First-time Adoption of International Financial Reporting Standards"	January 1, 2018
Annual Improvements to IFRSs 2014-2016 Cycle - IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
Annual Improvements in IFRSs 2014-2016 Cycle - IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018

Except for the following, the aforementioned standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The affected amount shall be disclosed upon the completion of assessment:

1. IFRS 9 "Financial Instruments"

   (1) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial assets at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

   (2) The impairment losses of debt instruments are assessed using an expected credit loss approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e., net of credit allowance). Accounts receivable (excluding significant financial components) should be measured for allowance losses based on expected credit losses during the duration of the period.

2. Amendment to IAS 7 "Disclosure Initiative"

   The amendment requires companies to increase the disclosure of changes in liabilities related to (from) financing activities, including changes from cash and non-cash.

   It is evaluated that this amendment will allow the Group to increase the disclosures related to (from) the changes in liabilities from financing activities.

When applying the 2018 version of IFRSs endorsed and issued into effect by FSC, the Group applies the modified retrospective adjustment for International Financial Reporting Standards No. 9 (hereinafter referred to as "IFRS 9"). The impact on January 1, 2018 is summarized as follows:

1. The Group proposes an impairment loss requirement in accordance with IFRS 9, reducing the accounts receivable by $323 and reducing the retained earnings by $323.

2. Please refer to Note XXII (IV) for the disclosure of initial application of IFRS 9.

(II) <u>Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group</u>

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New/revised/amended standards, interpretations, and amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019

Except for the following, the aforementioned standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16 "Leases"

IFRS 16 "Leases" supersedes IAS 17 "Leases" and its related interpretations and announcements of interpretations. The standard requires lessees to recognize a right-of-use asset and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group will treat the lessee's lease contract in accordance with International Financial Reporting Standard No. 16, but will adopt the non-restatement of the previous financial statements (hereinafter referred to as "modified retrospective method"), which may respectively increase $20,504 of the right-of-use asset (including long-term advance rent reclassification) and $10,898 of lease liability on January 1, 2019.

(III) Impact of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New/revised/amended standards, interpretations, and amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8 "Disclosure Initiative - Definition of Materiality"	January 1, 2020
Amendments to IFRS 3 "Definition of Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by International Accounting Standards Board
IFRS 17 "Insurance Contracts"	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

These consolidated financial statements are prepared by the Group in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC Interpretations endorsed by the FSC (collectively referred to as "IFRSs").

(II) Basis of preparation

1. The consolidated financial statements have been prepared based on historical cost convention.

2. The preparation of financial statements in conformity with IFRSs for financial reporting purposes requires the use of certain critical accounting estimates. The application of the Group's accounting policies requires the management to exercise its judgment in the process of applying the Group's accounting policies. For items involving a higher degree of judgment or complexity, or items where assumptions and estimates are significant to the consolidated financial statements, please refer to Note V for details.

3. The Group initially applied IFRS 9 on January 1, 2018. The amendments are applied with modified retrospective method to recognize the retained earnings and other equity as of January 1, 2018. The Group did not restate the financial statements and notes in the financial statements for the year ended December 31, 2017. The financial statements for the year ended December 31, 2017 was prepared in accordance with International Accounting Standard No. 39 (hereinafter referred to as "IAS 39") and its related interpretations and announcements. For the description of significant accounting policies adopted and significant accounting items, please refer to Note XII (IV) for details.

(III) Basis of consolidation

1. Principles for preparation of consolidated financial statements

(1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries refer to all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. For all amounts previously recognized in other comprehensive income, they shall be reclassified from equity to profit or loss.

2. Subsidiaries included in the consolidated financial statements:

Name of investor company	Name of subsidiaries	Business activities	Percentage owned by the Company December 31, 2018	Percentage owned by the Company December 31, 2017	Details
The Company	Bahamas Federal Shanghai Co., Ltd. (Bahamas Federal Shanghai)	General investment business	100%	100%	-
The Company	Shenzhen City King-Tech Digital Research & Development Service Co., Ltd. (Shenzhen Jinhong)	Technology R&D and support and trading of electronic products, computer hardware, and peripheral devices	100%	100%	-
The Company	Wise Providence Ltd.	General investment business	100%	100%	-
Bahamas Federal Shanghai	Dongguan Chang'an Fortech Electronics Co., Ltd. (Fortech Electronics)	Manufacture and manufacturing of motherboards, graphics cards, and computer peripherals	100%	100%	-

3. Subsidiaries not included in the consolidated financial statements: None.

4. Adjustments for subsidiaries with different balance sheet dates: None.

5. Significant restrictions: None.

6. Subsidiaries with significant non-controlling interests to the Group: None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (i.e., functional currency). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

1. Foreign currency transactions and balances

(1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(2) Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing at the balance sheet date. Exchange differences arising upon the re-transaction at the balance sheet date are recognized in profit or loss.

(3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are retranslated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(4) All exchange gains and losses are presented in the earnings statement of profit or loss within "Other gains and losses."

2. Translation of foreign operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) Assets and liabilities for each balance sheet presented are re-translated at the closing rate prevailing at the balance sheet date;

(2) Income and expenses for each composite income sheet are re-translated at the average exchange rates for the period; and

(3) All resulting exchange differences are recognized in other comprehensive income.

(4) When a foreign operation is partially disposed of or sold, the cumulative exchange differences that were recognized in other comprehensive income are reclassified to the non-controlling interests in the foreign operation. However, if the Group still retains partial interests in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(V) Standard of assets and liabilities being classified as current and non-current

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

(1) Assets arising from operating activities that are expected to be realized or are intended to be sold or consumed within the normal operating cycle.

(2) Assets held mainly for trading purposes.

(3) Assets that are expected to be realized within twelve months from the balance sheet date.

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

Assets that do not meet the aforementioned conditions are classified as non-current.

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

(1) Liabilities that are expected to be paid off within the normal operating cycle.

(2) Liabilities held mainly for trading purposes.

(3) Liabilities that are to be paid off within twelve months from 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the aforementioned conditions are classified as non-current.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Fixed deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

1. Financial assets at fair value through profit or loss refer to financial assets not measured at amortized cost nor measured at fair value through other comprehensive income.

2. Financial assets at fair value through profit or loss that follow regular way purchase or sale are recognized by the Group using trade date accounting.

3. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

4. Dividend income is recognized in profit or loss when the right to receive payment is established, and it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of dividends can be measured reliably.

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

1. Changes in fair value of investments in equity instruments that are not held for trading purpose at initial recognition presented in other comprehensive income; or, financial assets meeting the criteria listed below are classified as debt instrument:

   (1) The financial asset is held for the purpose of obtaining the contractual cash flows and the sales of the contract.

   (2) Cash flow generated form the said contractual terms of the financial asset at specific date are solely payments of principal and interest on the principal amount outstanding.

2. The Group adopts trade date accounting for financial assets measured at fair value through other comprehensive income.

3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs; the Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(IX) Accounts receivable

1. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

2. Short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(X) Impairment of financial assets

Considering all reasonable and provable information (including forward-looking information), the Group measured the credit risk that increased insignificantly since original recognition vie the 12-month expected credit loss amount through financial debt instrument at fair value through other comprehensive income, financial asset at amortized cost and accounts receivable significant financial components. For those credit risk increased significantly since original recognition, the allowance loss is measured by the expected amount of credit loss during the existence period; for accounts receivable that do not contain significant financial components, the allowance loss is measured by the amount of expected credit losses during the duration of the period.

(XI) Derecognition of financial assets

Financial assets are derecognized when the Group's contractual rights to receive cash flows from financial assets are lapsed.

(XII) Operating lease (lessor)

Lease income from operating leases is recognized in gain or loss on a straight-line basis over the term of the lease, as follows:

(XIII) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost are is determined using the weighted average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production burden (allocated based on normal operating capacity). It excludes borrowing costs. Goods on hand are stated at the lower of comparative cost and net realizable value. The item by item approach is used in applying the lower of comparative cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(XIV) Property, plant and equipment.

1. Property, plant and equipment are recorded as the foundation of acquisition cost.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replacement is derecognized. All other repairs and maintenance are recognized as current gain or loss when incurred.
3. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is material, it is depreciated separately
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building and construction	50years
Machinery and equipment	5 to 10 years
Transportation equipment	5 to 15 years
Wealth equipment	3 ~ 10 years

Other equipment 1 year ~ 10 years

(XV) Operating lease (lessee)

The deduction of the operating leases, net of any incentives received from the lessor, is amortized and recognized in profit or loss using the straight-line method within the lease term.

(XVI) Impairment of non-financial assets

The Group estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than its book value, the impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. Where an impairment loss of assets recognized in previous years does not exist or decrease, the impairment loss is reversed. However, the carrying amount of the asset increased by the impairment loss shall not exceed the book value of the asset after abatement the depreciation or amortization if the impairment loss is unrecognized.

(XVII) Borrowings

Borrowings refer to short-term loans from banks. The initial recognition of loans measured at fair value less transaction cost. Any subsequent difference between the price and the redemption value after deducting the transaction cost shall be recognized as interest expense in gain and loss by applying amortization procedure of effective interest method during the circulation period.

(XVIII) Accounts payable

1. Account payable is the liabilities arising from the purchase of raw materials, commodities or services are taken.
2. Short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(XIX) Derecognition of financial liabilities

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

(XX) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pensions

   For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual foundation.

3. Employees' compensation and directors' and supervisors' remuneration

   Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XXI) Income tax

1. Income tax expense comprises current and deferred income tax. Income tax is recognized in gain or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country domicile where the Group operates and generates taxable income. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities are recorded in tax liability. Undistributed earnings are subject to income tax credit. After the distribution of earnings is approved by the shareholders' meeting in the following year, the Company shall recognize the distribution of earnings and expenses, and recognize the earnings and expenses for the actual earnings.

3. Deferred income tax adopts the balance sheet approach, and is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is not recognized, if the temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income (loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXII) Share capital

1. Ordinary shares are classified as equity. The incremental cost directly

attributable to the issue of new shares or options is deducted from the equity in equity after deducting the income tax.

2. When the Company bought back the issued stocks, the consideration paid includes any incremental costs that are directly attributable to the incremental costs, net of any directly attributable incremental costs. When the shares are subsequently reissued, the difference between the consideration received net of any directly attributable incremental costs and the carrying amount is recorded in the adjustment of stockholder's equity.

(XXIII) Dividend distribution

Dividends are recognized in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities. Stock dividends are recognized as stock dividends to be distributed and transferred to ordinary shares on the base date of issuance of new shares.

(XXIV) Revenue recognition

1. Sales of goods

(1) The Group manufactures and sells products related to motherboards, display cards, and computer peripherals. The sales revenue is recognized when the control of the products is transferred to customers. That is, when the product is delivered to the customer, the customer has discretion in the access and price of the product, and the Group has no outstanding performance obligations that may affect the customer's acceptance of the product. When the product is shipped to a designated location, the risk of obsolete and lost risks has been transferred to the customer, and the customer is required to obtain the products in accordance with the sales contract, or when there is objective evidence that all acceptance criteria have been met, the goods are delivered.

(2) Sales revenue is recognized the net amount of contract price minus estimated sales allowance. The amount of revenue recognition is limited to the extent that it is very unlikely to see a significant reversal in the future, and is updated on the balance sheet date. The terms of sales transactions are mainly due to the expiry of 30 to 90 days after the transfer date. It is consistent with the market practice. Therefore, it is judged that the contact does not contain significant financial component.

(3) Accounts receivable are recognized when the control right of commodities is transferred to the customs; that is because the Group has unconditional rights to the contract price since that point in time, and the Group can collect the consideration from the customer once upon the contractual time is expired.

2. Service revenue

The Group provides services related to processing. Revenue is recognized as revenue in the reporting period in which the services are rendered to customers.

3. Financial composition

The duration of commitment to transfer commodities or services to customer and the payment period in the contracts between the Group and customers are all less than one year. Therefore, the Group has not adjusted the transaction price to reflect the time value of money.

4. Costs to acquire contracts from customers

The Group recognizes the incremental costs incurred in the contracts with the customers and that are expected to be recoverable. However, such costs are recognized in expense as incurred since the contracts are less than one year.

(XXV) Operating segments

The Group's operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources to the operating segments and assessing the performance of the Group, has been identified as the members of the Board of Directors.

V. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

The preparation of the Group's financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events according to the conditions on balance sheet date. Material accounting assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such estimates and assumptions possess a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Uncertainties in material accounting judgments, estimates, and assumptions are addressed below:

(I) Significant judgments in applying accounting policies

None.

(II) Significant accounting estimates and assumptions

Revenue recognition

Allowance of liability reserve for sales revenue is recognized based on the historical experience and other known reasons to estimate product discount and is recorded as the deduction of sales revenue in the current period of product turnover. In addition, the Group regularly reviews the reasonableness of the estimates.

VI. Description of significant accounting items

(I) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 356	$ 270
Checking deposits and demand deposits	568,089	551,623
Fixed deposits	84,466	44,640
	$ 652,911	$ 596,533

1. The Company associates with a variety of financial institutions, all with high credit quality to disperse credit risk, so it is expected that the probability of counterparty default is extremely low.

2. The Group do not provide any cash and cash equivalents as pledges to others.

(II) Financial assets at fair value through profit or loss - current

Items	December 31, 2018	December 31, 2017
Stocks of listed companies	$ 2,598	$ - -
Valuation adjustments	(843)	- -
Total	$ 1,755	$ - -

1. The breakdown of profit or loss for financial assets at fair value through profit or loss - current is as follows:

Items	For the year ended December 31, 2018
Equity instruments	$ 185

2. The Group's financial assets at fair value through profit or loss - current have never been provided as pledged assets or guarantees.

3. For related credit risk information, please refer to Note XII (II).

(III) Financial Assets measured at fair value through other comprehensive income

Items	December 31, 2018	December 31, 2017
Non-current items:		
Equity instruments		
Stocks of listed companies	$ 169,634	$ -
Stocks unlisted at stock exchange market, over counter market or emerging stock market	15,350	-
	184,984	-
Valuation adjustments	(75,999)	-
Total	$ 108,985	$ -

1. The Group determined to classify the strategic investment as financial assets at fair value through other comprehensive income, which is at $108,985 as of December 31, 2018.

2. The breakdown in profit or loss and other comprehensive income of financial assets at fair value through other comprehensive income is as follows:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognised in other comprehensive income	($ 75,999)	$ -
Dividends income recognized in profit or loss at end of current period	$ 4,312	$ -

3. Without considering the collateral held or other credit enhancements, the most representative of the Group's financial assets at fair value through other comprehensive income, the maximum exposure amount of credit risk was $108,985 as of December 31, 2018.

4. For financial assets credit risk information that is measured at fair value through other comprehensive income, please refer to Note XII (II).

(IV) Accounts receivable

December 31, 2018		
Total	Allowance loss	Net

Accounts receivable	$ 237,575	($ 117)	$ 237,458
Accounts receivable - related parties	686,183	(206)	685,977
	$ 923,758	($ 323)	$ 923,435

	December 31, 2017		
	Total	Allowance loss	Net
Accounts receivable	$ 316,341	$ --	$ 316,341
Accounts receivable - related parties	760,762	--	760,762
	$ 1,077,103	$ --	$ 1,077,103

1. The following is an analysis of the overdue days based on the number of overdue days:

	December 31, 2018	December 31, 2017
Within 30 days	$ --	$ 1,594

2. No accounts receivable are pledged by the Group.

3. Without consideration the collateral held or other credit enhancements, the maximum credit risk amount of the Group's accounts receivable for the years ended December 31, 2018 and 2017 was $923,758 and $1,077,103, respectively.

4. For related credit risk information on accounts receivable, please refer to Note XII (II).

(V) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Carrying Amount
Raw materials	$ 64,424	($ 29)	$ 64,395
Work in progress	31,438	--	31,438
Finished goods	1,599	(1,599)	--
	$ 97,461	($ 1,628)	$ 95,833

	December 31, 2017		
	Cost	Allowance for valuation loss	Carrying Amount
Raw materials	$ 59,406	($ 688)	$ 58,718
Work in progress	54,006	--	54,006
Finished goods	1,601	(1,601)	--
Materials and supplies in transit	2,066	--	2,066
	$ 117,079	($ 2,289)	$ 114,790

Cost of inventories is recognized by the Group as expenses in the current period:

	For the year ended December 31, 2018	For the year ended December 31, 2017
Cost of inventories sold	$ 3,715,677	$ 5,669,188
Gain on inventories (Note)	661	(683)
	$ 3,715,016	$ 5,668,505

Note: The Company has generated gain from the inventory due to de-stocking.

(VI) Other current assets

	December 31, 2018	December 31, 2017
Restricted bank deposits	$ 4,615	$ 23,808
Tax reserve	28,033	26,808
Others	22,079	2,398
	$ 54,727	$ 53,014

The details of the pledges of other current assets of the Group are set out in Note VIII.

(VII) Property, plant, and equipment

	Buildings and structures	Machinery equipment	Transportation equipments	Derivative instruments	Others	Total
January 1, 2018						
Cost	$ 125,056	$ 62,025	$ 11,356	$ 6,305	$ 54,280	$ 259,022
Accumulated depreciation	(35,810)	(37,989)	(4,732)	(5,757)	(26,103)	(110,391)
Accumulated impairment	(4,024)	(2,939)	-	(11)	(7,322)	(14,296)
	$ 85,222	$ 21,097	$ 6,624	$ 537	$ 20,855	$ 134,335
2018						
January 1	$ 85,222	$ 21,097	$ 6,624	$ 537	$ 20,855	$ 134,335
Additions	-	-	-	-	2,213	2,213
Disposal	-	(4)	-	-	(13)	(17)
Depreciation	(2,154)	(3,682)	(2,437)	(80)	(3,600)	(11,953)
Net exchange differences	(1,694)	(359)	(88)	(9)	(355)	(2,505)
December 31	$ 81,374	$ 17,052	$ 4,099	$ 448	$ 19,100	$ 122,073
December 31, 2018						
Cost	$ 122,509	$ 60,721	$ 11,124	$ 6,249	$ 55,288	$ 255,891
Accumulated depreciation	(36,846)	(40,286)	(7,025)	(5,791)	(31,134)	(121,082)
Accumulated impairment	(4,289)	(3,383)	-	(10)	(5,054)	(12,736)
	$ 81,374	$ 17,052	$ 4,099	$ 448	$ 19,100	$ 122,073

	Buildings and structures	Machinery equipment	Transportation equipments	Derivative instruments	Others	Total
January 1, 2017						
Cost	$ 126,481	$ 63,413	$ 11,485	$ 6,337	$ 52,116	$ 259,832
Accumulated depreciation	(33,679)	(34,691)	(2,256)	(5,700)	(22,661)	(98,987)
Accumulated impairment	(4,428)	(3,493)	-	(11)	(7,900)	(15,832)
	$ 88,374	$ 25,229	$ 9,229	$ 626	$ 21,555	$ 145,013
2017						
January 1	$ 88,374	$ 25,229	$ 9,229	$ 626	$ 21,555	$ 145,013
Additions	-	-	-	-	3,745	3,745
Disposal	-	(68)	-	-	(379)	(447)
Depreciation	(2,129)	(3,732)	(2,469)	(80)	(3,773)	(12,183)
Net exchange differences	(1,023)	(332)	(136)	(9)	(293)	(1,793)
December 31	$ 85,222	$ 21,097	$ 6,624	$ 537	$ 20,855	$ 134,335
December 31, 2017						
Cost	$ 125,056	$ 62,025	$ 11,356	$ 6,305	$ 54,280	$ 259,022
Accumulated depreciation	(35,810)	(37,989)	(4,732)	(5,757)	(26,103)	(110,391)
Accumulated impairment	(4,024)	(2,939)	-	(11)	(7,322)	(14,296)
	$ 85,222	$ 21,097	$ 6,624	$ 537	$ 20,855	$ 134,335

(VIII) Other noncurrent assets

	December 31, 2018	December 31, 2017
Long-term prepaid rental payments		
Land use rights	$ 9,606	$ 10,134
Refundable deposits	452	462
Prepaid long-term investments	44,720	- -
	$ 54,778	$ 10,596

1. The Group has leased land from the PRC government, with the use of land use right for a period of 50 years and is fully paid at the time of signing of the lease. It is recognized as a rental expense of $328 and $324 for 2018 and 2017, respectively.

2. Jinhong, a subsidiary in Mainland China, invested in Absolute Wise (Tianjin) Technology Co., Ltd. in December 2018 to acquire expected 51% of the equity interest. The total transaction amount was CNY86.36 million. The amount of investment paid was CNY10 million as of December 31, 2018. The change of incorporation of Absolute Wise (Tianjin) Technology Co., Ltd. was completed on March 1, 2019.

(IX) Pension

1. The Company has established a defined contribution retirement plan ("the New Plan") in accordance with the Labor Pension Act, which is applicable to employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

2. The Company's subsidiaries in Mainland China have a defined contribution plan. Monthly contributions to an independent fund administered by the government

in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages The pension funds of each employee are managed and arranged by the government, and the Group has no further obligations except the monthly contributions.

3. The pension costs recognized by the Group in accordance with the pension regulations in 2018 and 2017 were $1,904 and $1,631, respectively.

(X) Share capital

1. As of December 31, 2018, the Company's authorized capital was NT$2,500,000 (of which $100,000 was issued for issuance of the stock option, preferred stock or the corporate bond with the attached stock), with the paid-in capital of NT$1,014,988, and the number of outstanding shares was 101,499 thousand shares.

2. The changes in the number of treasury stock in 2018 are as follows:

		For the year ended December 31, 2018			
Reason for recovery	Name of company holding shares	Number of shares at the beginning of the period (in thousands of shares)	Increase during the period	Decrease during the period	Number of shares at the end of the period (in thousands of shares)
Maintenance of company credit and shareholders' equity	The Company	- -	7,750	(7,750)	- -

3. On May 3, 2018, the Board of Directors has approved to cancel 7,750 thousand repurchased treasury shares. The cancellation of repurchased treasury stock and registration of change have been completed on May 23, 2018.

(XI) Retained earnings

1. Under the Company's Articles of Incorporation, if there is a surplus in the annual final accounts, in addition to the income tax payable according to law, the Corporation shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the earnings left over. However, when the accumulated legal capital surplus has equaled the total paid-up-capital of the Company, the said restriction does not apply. After the Company has set aside or reversed the special capital reserve in accordance with relevant laws or the competent authority, along with the earnings not distributed at the beginning of the period, and after retaining part of the surplus depending on the situation, the Board of Directors may propose a surplus distribution proposal and submit it to the shareholders' meeting to distribute bonus to the shareholders.

2. The Company is in stable growth and expands in line with sales development in the future. The future capital expenditures and capital requirement are necessary to be considered first when the Company distribute the earnings. The Board of Directors proposes the distribution plan and distribute the earnings after being approved at the shareholders' meeting. In the annual distribution of shareholder dividends, cash dividend shall not be less than 5%, but if the cash dividend is less than NT$0.1 per share, it may not be issued, and the stock dividend will be

distributed instead.

3. The legal reserve shall not be used except for offsetting the loss of the Company and issuing new shares or cash in proportion to the original number of shares held by the shareholders. However, if it is issued to issue new shares or cash, the said legal reserve shall only exceed 25% at most of the paid-up capital.

4. (1) When the company distributes the surplus, it is required by law to provide a special surplus reserve for the debit balance of other equity items on the balance sheet date of the current year. After that, when the debit balance of other equity projects is reversed, the amount of revolving will be included in the surplus available for distribution.

   (2) When the Company adopted IFRSs at first time, for the special reserve listed in the Official Letter of the Financial Management Certificate No. 1010012865 issued on April 6, 2012, the Company reversed the original portion of the said special reserve, and when the Company subsequently uses, disposes of, or reclassifies related assets, they are reversed according to the ratio of the recognized special reserve.

5. The Company's shareholders' meeting resolved on May 3, 2018 to fully retain the undistributed earnings of 2017. The Company's shareholders' meeting resolved on June 15, 2017 to distribute $16,387 (i.e., NT$0.15 of dividend per share) of earnings as cash dividend for 2016.

6. Please refer to Note VI (XVI) for information on employees' and directors' remuneration.

(XII) Operating revenue

	For the year ended December 31, 2018	For the year ended December 31, 2017
Sales revenue:		
Computer peripherals	$ 4,208,671	$ 5,977,065
Others	32,721	15,609
Service income	10,368	51,917
Less: Sales returns and allowances	(168,728)	(271,752)
	$ 4,083,032	$ 5,772,839

(XIII) Other revenue

	For the year ended December 31, 2018	For the year ended December 31, 2017
Rental income	$ 12,283	$ 8,254
Interest income from bank deposits	7,252	1,531
Dividend income	4,340	- -
Other income	20	5,397
	$ 23,895	$ 15,182

(XIV) Other gain and loss

	For the year ended December 31, 2018	For the year ended December 31, 2017
Net foreign exchange gain (loss)	$ 30,104	($ 87,834)

Disposal of property, plant, and equipment		
Loss	(17)	(429)
Others	119	(8)
	$ 30,206	$ 88,271

(XV) Financial cost

	For the year ended December 31, 2018	For the year ended December 31, 2017
Interest expenses:		
Bank borrowings	$ 2,165	$ 1,567

(XVI) Employee benefits and depreciation

Function / Nature	For the year ended December 31, 2018			For the year ended December 31, 2017		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits costs						
Salary expenses	$ 10,021	$ 51,194	$ 61,215	$ 18,708	$ 34,886	$ 53,594
Labor and health insurance premiums	165	1,893	2,058	173	1,567	1,740
Pension costs	598	1,306	1,904	551	1,080	1,631
Directors' remuneration	-	9,816	9,816	-	282	282
Other personnel costs	775	2,937	3,712	162	3,569	3,731
Depreciation	7,756	4,197	11,953	7,506	4,677	12,183

1. According to the Company's Articles of Incorporation, after deducting the accumulated losses based on the profitability of the current year, if there are still some earnings left, the employee shall be granted no less than 0.1% as compensation, and the directors and supervisors shall not be paid more than 6% as remuneration.

2. The amount of employee bonus estimated for 2018 and 2017 is $3,723 and $0; the estimated amount of remuneration to directors and supervisors is NT$9,539 and NT$0, respectively, and the amount of compensation expenses stated above shall be listed as remuneration expense.

   It has been determined by the Board of Directors that due to the net loss before tax in the year of 2017, it is not necessary to assess and allocate any remuneration to the employees, directors, and supervisors.

3. Information regarding employee compensation and directors' and supervisors' remuneration approved by the Board of Directors is available on the Market Observation Post System (MOPS).

(XVII) Income tax

1. Income tax (expense) benefits

   Components of Income tax (expense) benefit:

	For the year ended	For the year ended

	December 31, 2018	December 31, 2017
Current income:	$ 52,775	($ 289)
Income tax incurred in the current period	- -	(4,113)
Surtax on unappropriated retained earnings	(4,113)	(52)
Overestimated/Underestimated income tax for the previous year	48,662	(4,454)
Total current income tax		
Deferred income tax:		
Origination and reversal of temporary differences	2,193	5,365
Effect of change in tax rate	(330)	- -
Income tax (expense) benefit	$ 50,525	$ 911

2. Income tax (expense) benefit and accounting profit

	For the year ended December 31, 2018	For the year ended December 31, 2017
Net loss (gain) before income tax calculated at statutory tax rate	$ 59,252	$ 9,772
Expenses that should be excluded from the tax law	5	(86)
Tax effect of temporary differences	2,895	(1,203)
Tax effect of loss deductible	(7,184)	(3,407)
Surtax on unappropriated retained earnings	- -	(4,113)
Overestimation of income tax of prior years	(4,113)	(52)
Effect of change in tax rate	(330)	- -
Income tax (expense) benefit	$ 50,525	$ 911

3. The amount of deferred tax assets or liabilities that arise from temporary differences and losses from the taxable financial assets are set out below:

	2018			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets				
Allowance for inventory valuation and obsolescence loss	$ 117	($ 111)	$ -	$ 6
Unrealized exchange gain	1,752	(1,752)	-	-
	1,869	(1,863)	-	6
Deferred income tax liabilities				
Unrealized exchange gain	-	-	-	-
	$ 1,869	($ 1,863)	$ -	$ 6

	2017			
	January 1	Recognized in profit and loss	Recognized in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets				
Allowance for inventory valuation and obsolescence loss	$ 72	$ 45	$ -	$ 117
Unrealized exchange gain	-	1,752	-	1,752
	72	1,797	-	1,869
Deferred income tax liabilities				
Unrealized exchange gain	(3,568)	3,568	-	-
	($ 3,496)	$ 5,365	$ -	$ 1,869

4. The effective period of the tax losses that have not been used by the Group and the related amounts of the unrecognized deferred tax assets are as follows:

   (1) Companies established in Taiwan:

   There were no used tax losses on December 31, 2018. The valid period of the tax losses and that have not been used and the unrecognized deferred income tax assets on December 31, 2017 are as follows:

Year of occurrence	Reported/Approved amount	Amount not deductible	Unrecognized deferred income tax assets	Final deduction
2011 (Approved amount)	$ 58,040	$ 36,663	$ 36,663	2021
2016 (Reported amount)	12,200	12,200	12,200	2026
2017 (Estimated amount)	20,044	20,044	20,044	2027
	$ 90,284	$ 68,907	$ 68,907	

   (2) Companies established in China:

December 31, 2018

Year of occurrence	Reported amount	Amount not deductible	Unrecognized deferred income tax assets	Final deduction
2014	305	305	305	2018
2015	449	449	449	2019
2016	246	246	246	2020
2017	267	267	267	2021
	$ 1,267	$ 1,267	$ 1,267	

December 31, 2017

Year of occurrence	Reported amount	Amount not deductible	Unrecognized deferred income tax assets	Final deduction
2013	545	545	545	2017
2014	305	305	305	2018
2015	449	449	449	2019
2016	246	246	246	2020
	$ 1,545	$ 1,545	$ 1,545	

5. Deductible temporary differences of assets that have not been recognized as deferred tax assets:

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 433,399	$ 418,923

6. The taxing authorities have audited and ensured the profit-seeking enterprise income tax of the Company through 2016.

7. The amendment to the Income Tax Act was announced and came into force on February 7, 2018. The tax rate for the profit-seeking enterprise income tax increased from 17% to 20%, and the amendment is applicable from 2018. The Group has assessed the impact of income tax on the change of the said tax rate.

(XVIII) Earnings (loss) per share

	For the year ended December 31, 2018		
	After-tax amount	Weighted average number of shares outstanding (in thousands of shares)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to ordinary equity holders of the parent	$ 244,304	$ 102,096	$ 2.39
Diluted earnings per share			
Effect of dilutive potential ordinary shares			
Employee remuneration	- -	98	
Net income attributable to ordinary shareholders of the parent plus potential ordinary shares	$ 244,304	$ 102,194	$ 2.39

	For the year ended December 31, 2017		
	After-tax amount	Weighted average number of shares outstanding (in thousands of shares)	Earnings per share (NT$)
Basic deficit per share			
Net loss attributable to ordinary equity holders of the parent	($ 56,914)	$ 109,249	($ 0.52)

(XIX) Operating leases

The Group leases the office by operating lease; the lease term is between September 2014 and April 2023. The future aggregate minimum lease payments receivable are as follows:

	December 31, 2018	December 31, 2017
Not more than 1 year	$ 3,993	$ 4,494
More than 1 year but not more than 5 years	12,599	14,768
Over 5 years	- -	1,226
	$ 16,592	$ 20,488

(XX) Changes in liabilities from financing activities

Changes in the Group's liabilities from financing activities in 2018 are all changes in cash flow; please refer to the consolidated statement of cash flows for details.

VII. Related Party Transactions

(I) Parent company and the ultimate controller

The Company is controlled by Yicheng International Development Co., Ltd. (incorporated in the Republic of China), which owns 28.11% of the shares of the Company. The rest is held by the public. The ultimate controller of the Company is the Colorful Group.

(II) Name and relationship of related parties

Name of related party	Relationship with the Group
Colorful Technology Co., Ltd. (Colorful)	100% re-investment by The Colorful Group

(III) Material transactions with related parties

1. Operating revenue

	For the year ended December 31, 2018	For the year ended December 31, 2017
Sales of goods:		
Colorful	$ 2,069,738	$ 3,187,676

The Group's transaction prices to related parties are not significantly different from those of the unrelated parties. The payment terms are OA 45~125 days depending on the different transaction object.

2. Accounts receivable from related parties

	December 31, 2018	December 31, 2017
Accounts receivable:		
Colorful	$ 685,977	$ 760,762

Accounts receivable from related parties mainly arise from sales transactions. Payment for sales transactions is made in accordance with the payment terms after the date of sale. The receivables are unsecured and not interest-bearing.

3. Advertising fees

	For the year ended December 31, 2018	For the year ended December 31, 2017
Salaries and other short-term employee benefits	$ 14,739	$ 5,000

After the launch of the products jointly developed by the Group and Colorful, both sides have agreed to pay no more than US$60,000 per month as advertising expenses for the related parties. The amount of advertising fees incurred in 2018 and 2017 were $13,366 and $5,379, respectively; the amount not yet paid was NT$8,911 and $447, respectively, as shown in "Other Payables."

(IV) Key management compensation information

	For the year ended December 31, 2018	For the year ended December 31, 2017
Salaries and other short-term employee benefits	$ 14,739	$ 5,000

VIII. Pledged Assets

The Company's assets pledged as collateral were as follows:

Name of assets	Carrying amount December 31, 2018	Carrying amount December 31, 2017	Guarantee use
Other current assets			
Bank deposits	$ 4,615	$ 23,808	Loan-to-deposit account and purchase performance bond

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

None.

(II) Commitments

1. As of December 31, 2018, the Company's guaranteed letter of credit for the purchase was NT$1,500 thousand.

2. The Company opened a promissory note for the purchase of goods as a guarantee for the purchase of loan claims. The Company had written promissory notes totaling $200,000 as of December 31, 2018.

3. For details of operating lease, please refer to Note VI (XVIII)

X. Significant Disaster Losses

None.

XI. Significant Events after the End of the Financial Reporting Period

The Group has completed the equity incorporation of the investment to Absolut Wise (Tianjin) Technology Co., Ltd, and the registration was completed on March 1, 2019. The Group has received 51% equity interest from Absolute Wise (Tianjin) Technology Co., Ltd., The amount of investment transaction was CNY86.36 million, and the investment amount paid amounted to CNY42 million as of 21 March 2019.

XII. Others

(I) Capital management

The Group's objectives in capital management are to safeguard the Group's ability to continue as a going concern in order to maintain optimal capital structure in order to minimize the cost of funding and to provide remuneration for its shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(II) Financial instruments

1. Category of financial instruments

For the information on the Group's financial assets (cash and cash equivalents, accounts receivable and other receivables) and financial liabilities (short-term loans, accounts payable and other payables), please refer to Note VI and the consolidated balance sheet.

2. Risk management policies

(1) The Group's daily operations are affected by a number of financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) The risk management is carried out by the Group's finance department according to the policies approved by the Board of Directors. The finance department of the Group is responsible for identifying, evaluating, and avoiding financial risks in close co-operation with the Group's operating units. The Board of Directors has established written principles for overall risk management, and provides written policies for specific areas and matters such as exchange rate risk, interest rate risk, credit risk, and investment of the remaining current capital.

3. The nature and degrees of significant financial risks

(1) Market risk

Exchange rate risk

A. The Group is a multinational operation and is exposed to exchange rate risk arising from transactions with the Company and its subsidiaries, which is mainly denominated in USD and CNY. The related exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

B. Business of the Group is involved in a number of non-functional currency (the functional currency of the Company is NTD; for certain subsidiaries, the functional currency is CNY) and deeply affected by the exchange rate fluctuation. The information of significant impact affected by exchange rate fluctuation for foreign assets and liabilities is as follow:

	December 31, 2018		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Book Amount (NT$)
Financial assets			
Monetary items			
USD: NTD	$ 45,932	30.715	$ 1,410,801
Non-monetary projects			
CNY: NTD	$ 77,415	4.472	$ 346,200
Financial liabilities			
Monetary items			
USD: NTD	$ 5,107	30.715	$ 156,862

	December 31, 2017		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Book Amount (NT$)
Financial assets			
Monetary items			
USD: NTD	$ 49,197	29.760	$ 1,464,103
USD: CNY	157	6.519	1,023
Non-monetary projects			
CNY: NTD	$ 79,841	4.565	$ 364,473
Financial liabilities			
Monetary items			
USD: NTD	$ 7,064	29.760	$ 210,225

C. The Group's material monetary projects affected by the exchange rate fluctuation have been recognized as net exchange (loss) gain and aggregated in the consolidated financial statements for the years ended December 31, 2018 and 2017 (including realized and unrealized). The aggregated amount is $30,104 and ($87,834), respectively.

D. The Group's foreign currency market risk analysis due to significant exchange rate fluctuations is as follows:

	For the year ended December 31, 2018		
	Sensitivity analysis		
(Foreign currency: functional currency)	Range of change	Impact Profit and Loss	Other comprehensive income
Financial assets			
Monetary items			
USD: NTD	1%	$ 14,108	$ -
Non-monetary projects			
CNY: NTD	1%	$ 3,462	$ -
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 1,569	$ -

	For the year ended December 31, 2017		
	Sensitivity analysis		
(Foreign currency: functional currency)	Range of change	Impact Profit and Loss	Other comprehensive income
Financial assets			
Monetary items			
USD: NTD	1%	$ 14,641	$ -
USD: CNY	1%	10	-
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 2,102	$ -

Price risk

A. The Group's equity instruments exposed to price risk are those financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of investments in equity instruments, the Group diversifies its portfolio with its diversification method based on limits set by the Group.

B. The Group's equity instruments issued by the Company are mainly invested in equity instruments issued by the domestic companies, which are affected by the uncertainty of the future value of the investment underlying the investment target. If the prices of these equity instruments increased or decreased by 1%, while all other factors remained unchanged, the net profit after tax for the year ended December 31, 2018 would have increased or decreased by $18 measured at fair value through profit and loss. The gain or loss of the other comprehensive income which was classified to the equity investment at fair value through other comprehensive income would have increased or decreased by $1,090.

Cash flow and fair value interest rate risk

A. The Group's interest rate risk arises primarily from short-term borrowings issued at variable rates, which expose the Group to cash flow interest rate risk. For the years ended December 31, 2018 and 2017, the Group's borrowings issued at variable rates were mainly denominated in USD.

B. The Group's borrowings are measured at amortized cost and are re-priced at the contract annual rate every year. Therefore, the Group is exposed to the risk of changes in future market interest rates.

(2) Credit risk

A. The Group's credit risk is primarily attributable to the risk of financial loss from customers or the counterparty of financial instruments who are unable to fulfill the contract obligation. That credit risk is mainly from the fact that the counterparty is unable to pay off the accounts receivable payable on the terms of the payment.

B. The Group has established credit risk management in the Group's corporate policy. For banks and financial institutions, only those with good credit rating can be accepted as our transaction counterparties. In accordance with our clear internal credit policy, the Group's operating entities and each new customer shall be subject to the management and credit risk analysis before making payment and delivery of the agreed payment and delivery. Internal risk control is evaluated by considering its financial position, historical experience and other factors to assess the credit quality of customers. Limits on individual risks are formulated by the Board of Directors based on internal or external ratings and regularly monitored by the Board of Directors.

C. The Group adopts IFRS 9 to make the following assumptions as to whether the credit risk on financial instruments since initial recognition has increased by the following:

(A) When the contract amount is overdue for more than 30 days in accordance with the agreed payment terms, the credit risk has been significantly increased since the original recognition of the financial assets.

(B) There are actual or expected significant changes in external credit ratings of financial instruments.

D. The Group adopts IFRS 9 to make assumptions that if the contract amount is overdue for more than 90 days in accordance with the agreed payment terms, it is regarded that a default has taken place.

E. The Group will group the customer's accounts receivable based on the characteristics of the customer's rating and customer type, and use the simplified method to estimate the expected credit loss based on the preparation matrix.

F. The Group includes the forward-looking consideration to adjust the loss rate established by historical and current information for a specific period so as to estimate the allowance loss for accounts receivable by the said loss rate. The provision matrix on December 31, 2018 is as follows:

December 31, 2018	Not overdue	Total
Expected loss rate	0.03%	
Total carrying amount	$ 923,758	$ 923,758
Allowance loss	$ 323	$ 323

G. The statement of allowance loss for accounts receivable of the Group using simplified approach is as follows:

	For the year ended December 31, 2018
	Accounts receivable
January 1_IAS 39	$ -
Adjustments for new standards	323
January 1_IFRS 9	$ 323
Provision for impairment loss	-
December 31	$ 323

H. For the credit risk information as of December 31, 2017, please refer to Note XII (III).

(3) Liquidity risk

A. Cash flow prediction is performed by individual operating entities within the Group and are aggregated by the Group finance department. The Group's finance department monitors the Group's liquidity requirements predict to ensure that it has sufficient funds to support its operational needs and maintains sufficient unencumbered borrowing commitments at all times so that the Group does not violate the relevant borrowing limits or terms.

B. The surplus cash held by each operating entity will be transferred back to the Group finance department when it exceeds the management needs of the working capital. The Group finance department invests the surplus funds in interest-bearing demand deposits and fixed deposits, and the selected instruments have appropriate maturity dates or sufficient liquidity to meet the above forecasts and provide sufficient water and effluents.

C. The Group's non-derivative financial liabilities are due within the next year except for guarantee deposit received (listed in other non-current liabilities).

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is of Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active markets is of Level 3.

2. For financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable (including related parties), other receivables, short-term loans, accounts and other payables, their carrying amounts are a reasonable approximation of their fair value.

3. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(1) The Group classifies its assets and liabilities according to their nature; the information is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,755	$ -	$ -	$ 1,755
Financial assets at fair value through other comprehensive income				
Equity securities	93,635	-	15,350	108,985
Total	$ 95,390	$ -	$ 15,350	$ 110,740

(2) Methods and assumptions the Group used to measure the fair value are as follows:

A. The instruments that the Group uses market-quoted prices as their fair values (i.e. Level 1) are listed below by characteristics:

	Stocks of listed companies
Market price	Closing price

B. In addition to the aforementioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained by means of evaluation techniques or reference to counterparty quotes. The fair value obtained through evaluation techniques can refer to the current fair value of other substantial financial instruments with similar conditions and characteristics, discounted cash flow method or other evaluation techniques, including calculations based on the market information utilization model available on the date of the consolidated balance sheet (e.g., the reference yield curve offered by Taipei Exchange or the average offer price of Reuters commercial paper interest rate).

C. Outputs from valuation models are estimates and valuation techniques may not be able to reflect all the relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value of the evaluation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Group's fair value evaluation model management policy and related control procedures, the management believes that the adjustment is appropriate and necessary to recognize the fair value of financial instruments and non-financial instruments in the consolidated balance sheet. The price information and parameter used in the valuation process are carefully evaluated and adjusted appropriately based on current market conditions.

D. The Group absorbs the adjustment of credit risk assessment into the fair value measurement of financial and non-financial instruments to reflect the credit risk of counterparties and the credit quality of the Group.

4. There was no transfer between Level 1 and Level 2 in 2018 and 2017.

5. The following table presents changes in Level 3 in 2018:

	For the year ended December 31, 2018
	Equity instruments
January 1	$ -
Purchase during the period	15,350
December 31	$ 15,350

There were no changes in Level 3 in 2017.

6. There were no transfers into and out of Level 3 in 2018 and 2017.

7. The finance department of the Group is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make

results close to current market conditions, confirming the resource of information is independent, reliable, and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model, and making any other necessary adjustments to the fair value.

8. Quantitative information and sensitivity analysis of significant unobservable inputs to the valuation models used in the valuation models for Level 3 fair value measurement and the sensitivity analysis of changes in significant unobservable inputs are as follows:

	Fair value as of December 31, 2018	Valuation techniques	Significant unobservable inputs	Relationship of inputs and fair value
Non-derivative equity instruments:				
Shares of unlisted companies	$ 15,350	Discounted cash flow method	Long-term revenue growth rate, weighted average cost of funds, net operating profit before tax, lack of marketability discount	The higher the long-term revenue growth rate and long-term operating net profit before tax, the higher the fair value; the higher the lack of marketability discount, the lower the fair value

9. The Group carefully evaluates the valuation models and inputs used in selecting the valuation models and inputs that the valuation models may result in different valuation models. For financial assets classified as Level 3, if there are changes in evaluation parameters, the impact on other comprehensive gains and losses is as follows:

			December 31, 2018	
			Recognized in other comprehensive income	
	Input value	Change	Favorable changes	Unfavorable changes
Financial assets				
Equity instruments	Long-term revenue growth rate, weighted average cost of funds, net operating profit before tax, lack of marketability discount	±1%	$ 154	$ 154

(IV) Impact on initial application of IFRS 9 and information on the application of IAS 39 for the year ended December 31, 2017

1. The significant accounting policies adopted as of December 31, 2017 are described below:

(1) Loans and receivables

Accounts receivable are the original loans and receivables that are due from customers in the normal course of business for the sale of commodities or services. At initial recognition, they are measured at fair value, and subsequently measured at amortized cost using the effective interest method, less any impairment. However, short-term accounts receivable that are not paid for interest shall be measured by the amount of the original invoice amount.

(2) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (i.e., a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of impairment loss is as follows:

(A) Significant financial difficulty of the issuer or debtor;

(B) A breach of contract, such as a default or delinquency in interest or principal payments;

(C) The Group gives the debtor a concession that cannot be considered reliably due to the economic or legal reasons relating to the financial difficulty of the debtor;

(D) The probability that the debtor will enter bankruptcy or other financial reorganization;

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

(F) Observable data indicates that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

Financial assets measured at amortized cost are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

2. The reconciliation of allowance loss that has been transferred from the loss pattern based on IAS 39 on December 31, 2017 to the expected credit loss model based on IFRS 9 on January 1, 2018 are as follows:

The amount of the allowance loss for accounts receivables assessed in accordance with IAS 39 is $0. The amount of the allowance loss for accounts receivables assessed in accordance with IFRS 9 is $323. The difference between the allowance losses is to adjust the retained surplus as of January 1, 2018.

3. The risk information adopted as of December 31, 2017 is described as follows:

(1) Credit risk is the risk of financial loss to the Group due to failure to meet its contractual obligations by customers or counterparties of financial instruments. Each individual operating entities within the Group is required to conduct management and credit risk analysis for each of its new customers before the terms and conditions of the payment and delivery are set out in accordance with the internal credit policy. Internal risk control is evaluated by considering its financial position, historical experience and other factors to assess the credit quality of customers. Limits on individual risks are formulated by the Board of Directors based on internal or external ratings and regularly monitored by the Board of Directors. The principal credit risk arises from cash and cash equivalents and accounts receivable.

(2) In the year ended December 31, 2017, there was no excess of the credit limit, and the management did not expect any significant losses due to the non-compliance of the counterparty.

(3) The Group's accounts receivable that are neither past due nor impaired are fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business, and profitability.

(4) The aging analysis of financial assets that are past due but not impaired is as follows:

	December 31, 2017
Within 30 days	$ 1,594

(5) Analysis in the changes of the Group's provision for impairment of accounts receivable are as follows:

a. As of December 31, 2017, the Group's impairment for accounts receivable was $0.

b. Changes in allowance for bad debts are as follows:

	2017		
	Impairment loss on individual assessment	Impairment loss on group assessment	Total
Beginning balance (i.e., end balance)	$ -	$ -	$ -

XIII. Supplementary Disclosures

(I) Information on significant transactions

1. Capital loans to others: None.

2. Endorsements/guarantees made for others: None.

3. Marketable securities held at the end of the period (excluding investment in subsidiaries): Please refer to Table 1.

4. Accumulated purchase or disposal of the same securities amount reaching NT$300 million or 20% of the paid-in capital: None.

5. Acquisition of real estate reaches NT$300 million or 20% of the paid-in capital: None.

6. Disposal of real estate reaches NT$300 million or 20% of the paid-in capital: None.

7. For purchases and sales with related parties, the amount of sales and purchase transactions with the related party reaches NT$100 million or 20% of the paid-in capital: Please refer to Table 2.

8. Accounts receivable from related parties reaches NT$100 million or 20% of the paid-in capital: Please refer to Table 3.

9. Derivative transactions: None.

10. Business relations and significant transactions between the parent company and its subsidiaries and significant transactions and amount: Please refer to Table 4.

(II) Information on investees

Name of investee companies and location of the location (excluding investee companies in Mainland China): Please refer to Table 5.

(III) Investment information in Mainland China

1. Basic information: Please refer to Table 6.

2. Significant transactions that occur directly or indirectly through a third-region business and an investment company that invests in Mainland China: Please refer to Table 7.

XIV. Segment Information

(I) General information

The Group only operates a single industry and the Group is in a position to assess the performance and allocate resources of the Group as a single reporting entity.

(II) Information on product and service

The breakdown of the revenue balance is as follows:

	For the year ended December 31, 2018		For the year ended December 31, 2017	
Sales revenue:				
Computer peripherals	$	4,039,943	$	5,705,313
Others		32,721		15,609
Service income		10,368		51,917
	$	4,083,032	$	5,772,839

(III) Geographical information

	For the year ended December 31, 2018				For the year ended December 31, 2017			
	Revenue		Non-current assets		Revenue		Non-current assets	
Taiwan	$	-	$	-	$	-	$	25
China		4,083,032		176,399		5,772,839		144,444
	$	4,083,032	$	176,399	$	5,772,839	$	144,469

(IV) Key accounts information

	For the year ended December 31, 2018		For the year ended December 31, 2017	
10C001	$	2,069,738	$	3,187,676
16L002		363,858		364,942
16S010		306,810		262,384
16S001		215,199		626,860
16N001		213,136		657,441
	$	3,168,741	$	5,099,303

Chaintech Technology Corp.

Marketable Securities Held at End of Period (excluding subsidiaries, associates, and joint ventures)

FOR YEAR ENDED DECEMBER 31, 2018

Table 1

Unit: NT$ thousand

(Unless specified otherwise)

Company holding shares	Type and name of securities	Relationship with the issuer of the securities	Accounting item	End of the period: Number of shares	End of the period: Carrying amount	End of the period: Shareholding ratio	End of the period: Fair value	Remarks
Chaintech Technology Corp.	Stocks of Accton Technology Corporation	-	Financial asset at fair value through profit and loss - current	60,000	$ 1,755	0.04%	$ 1,755	
Chaintech Technology Corp.	Stocks of APAQ Technology Co., Ltd.	-	Financial asset at fair value through other comprehensive income - non-current	3,050,000	93,635	3.53%	93,635	
Chaintech Technology Corp.	Stock of CloudMile Co., Ltd. (Cayman Islands)	-	Financial asset at fair value through other comprehensive income - non-current	510,204	15,350	3.93%	15,350	

Chaintech Technology Corp.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

FOR YEAR ENDED DECEMBER 31, 2018

Table 2

Unit: NT$ thousand

(Unless specified otherwise)

			Transaction				Unusual trade conditions and its reasons		Notes/Accounts payable or receivable		
Company of purchases/sales	Name of transaction counterparty	Relations	Purchases/Sales	Amount	% to total purchases/sales	Credit period	Unit price	Credit period	Balance	% to total notes/accounts payable or receivable	Remarks
Chaintech Technology Corp.	Colorful Technology Co., Ltd.	100% reinvestment business by Colorful Group	Sales	$ 2,069,738	55%	OA45 ~ 125 days	Not applicable	Not applicable	$ 685,977	75%	-

Chaintech Technology Corp.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

FOR YEAR ENDED DECEMBER 31, 2018

Table 3

Unit: NT$ thousand

(Unless specified otherwise)

Company with accounts receivable	Name of transaction counterparty	Relations	Balance of accounts receivable from related party	Turnover rate	Overdue accounts receivable from related party		Accounts receivable from related party	Amount of Allowance for Doubtful Accounts
					Amount	Handling method	Amount recoverable after period	
Chaintech Technology Corp.	Colorful Technology Co., Ltd.	100% reinvestment business by Colorful Group	Accounts receivable $ 685,977	2.86	$ -	-	$ 183,226	($ 206)

Chaintech Technology Corp.

Significant inter-company relationship and transactions between the parent company and subsidiaries and between subsidiaries during the reporting period

FOR YEAR ENDED DECEMBER 31, 2018

Table 4

Unit: NT$ thousand

(Unless specified otherwise)

				Transaction status			
No. (Note 1)	Company name	Counterparty	Relationship with counterparty (Note 2)	Account	Amount	Transaction terms	Percentage accounted for in consolidated revenue or total assets ratio (Note 3)
0	Chaintech Technology Corp.	Shenzhen City Jinghong Digital Research & Development Service Co., Ltd.	Parent company to a subsidiary	Operating expenses	$ 6,690	Agreed by both parties	-
0	Chaintech Technology Corp.	Shenzhen City Jinghong Digital Research & Development Service Co., Ltd.	Parent company to a subsidiary	Other payables	1,712	-	-

Note 1: Information of business contacts between the parent company and subsidiaries shall be specified in No. column. Please fill in the No. column following the instruction:

(1) The parent company is coded "0".

(2) The subsidiaries are coded starting from 1 in sequence.

Note 2: Regarding the percentage of transaction amount to consolidated net revenue or total assets, it is calculated based on the ending balance to consolidated total assets for balance sheet items; it is calculated based on interim accumulated amount to consolidated net revenue for profit or loss items.

Chaintech Technology Corp.

Information on investee companies (not including investee companies in Mainland China)

FOR YEAR ENDED DECEMBER 31, 2018

Table 5

Unit: NT$ thousand

(Unless specified otherwise)

Investor company	Investee company	Location	Main businesses and products	Initial amount of investment: December 31, 2018	Initial amount of investment: December 31, 2017	Possession by the end of the period: Number of shares	Possession by the end of the period: Ratio	Possession by the end of the period: Carrying amount	Investee company current profit or loss	Investment gain or loss recognized in the current period (Note)	Remarks
Chaintech Technology Corp.	Bahamas Federal Shanghai Co., Ltd.	Bahamas	Investments	$ 343,327	$ 343,327	10,428,985	100	$ 124,503	($ 12,340)	($ 12,340)	Subsidiary
Chaintech Technology Corp.	Wise Providence Ltd.	British Virgin Islands	Investments	5,783	5,783	1,500,000	100	5,854	291	291	Subsidiary

Note: The Company is only required to list the amount of profit and loss of each of the subsidiaries and each investee accounted for using the equity method. The rest of the information can be exempted.

Chaintech Technology Corp.

Information on investee companies (not including investee companies in Mainland China)

FOR YEAR ENDED DECEMBER 31, 2018

Table 6

Unit: NT$ thousand

(Unless specified otherwise)

Name of investee in Mainland China	Main businesses and products	Actual paid-in capital	Method of investment	Accumulated investment amount remitted from Taiwan at the beginning of the period	Accumulated outflow or recovery: Outflow	Accumulated outflow or recovery: Recover	Accumulated investment amount of remittance from Taiwan to Mainland China at the end of the period	Investee company current profit or loss	Percentage of ownership (direct or indirect)	Investment gain or loss recognized in the current period (Note)	Carrying amount of investments in Mainland China at the end of the period	Accumulated inward remittance of income from investment as of the end of the period	Remarks
Dongguan Chang'an Kede Electronic Co., Ltd.	Production and manufacturing of motherboards, graphics cards, and computer peripherals	$ 589,053	Investing in a third region to set up a company to reinvest in companies in Mainland China (through the investment of Bahamas Federal Shanghai Co., Ltd.)	$ 343,327	$ -	$ -	$ 343,327	($ 12,228)	100	($ 12,228)	$ 124,460	$ -	-
Shenzhen City Jinghong Digital Research & Development Service Co., Ltd.	Technology research and development and trading of electronic products, computer hardware, and peripheral devices	212,842	Direct investment	239,456	-	-	239,456	988	100	988	215,843	-	-

Note: The valuation is recognized on the financial statements audited and certified by the CPAs of the parent company in Taiwan.

Company name	Accumulated investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Ministry of Economic Affairs Investment Commission	Ceiling on investment in Mainland China regulated by Ministry of Economic Affairs Investment Commission
Chaintech Technology Corp.	$ 582,783	$ 936,333	$ 1,040,474

Note: The Group invested US$5 million in the subsidiary, Shenzhen City Jinghong Digital Research & Development Service Co., Ltd., which was approved by the Ministry of Economic Affairs Investment Commission on November 26, 2015. The Group has remitted US$3 million (equivalent to $96,780 in NTD); the remaining US$2 million was remitted on January 3, 2019.

Note: The Group increased the investment to US$6.4 million as the capital to the subsidiary of Shenzhen City Jinghong Digital Research & Development Service Co., Ltd., which was approved by the Investment Commission of the Ministry of Economic Affairs Investment Commission on January 31, 2019. The investment amount has not been remitted as of March 21, 2019.

Chaintech Technology Corp.

Information on investments in Mainland China - significant transactions with investee companies in Mainland China, either directly or indirectly through a third area

FOR YEAR ENDED DECEMBER 31, 2018

Table 7

Unit: NT$ thousand

(Unless specified otherwise)

	Sales (Purchase)		Property transactions		Accounts receivable (payable)		Endorsement or guarantee provided or provided for the guarantee		Financing				
Name of investee in Mainland China	Amount	%	Amount	%	Balance	%	Balance at the end of the period	Purpose	Highest balance within the period	Balance at the end of the period	Interest range	Interest in the current period	Others
Shenzhen City Jinghong Digital Research & Development Service Co., Ltd.	$ -	-	$ -	-	($ 1,712)	-	$ -	-	$ -	$ -	-	$ -	Operating expenses $ 6,690